

COUNTY OF BLAND, VIRGINIA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

COUNTY OF BLAND, VIRGINIA
 FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2022

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INTRODUCTORY SECTION

COUNTY OF BLAND, VIRGINIA

BOARD OF SUPERVISORS

Adam Kidd, Vice-Chair	Randy Johnson, Chair Stephen Kelley	Keith Costello
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COUNTY SCHOOL BOARD

Duane Bailey, Vice-Chair	Phillip Buttery, Chair Dave Andrews	JP Agee
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SOCIAL SERVICES BOARD

Terry Owens, Vice-Chair Melinda Litton	Cathy Whitt, Chair	Karen Hodock Michelle Cantrell
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OTHER OFFICIALS

Clerk of the Circuit Court	Rebecca I. Johnson
Commonwealth's Attorney	Patrick White
Commissioner of the Revenue	Cindy U. Wright
Treasurer	John F. Goins
Sheriff	Jason Ramsey
Superintendent of Schools	Scott Meade
Director of Social Services	Nikki Adkins
County Administrator	Eric Workman
County Attorney	Paul Cassell

FINANCIAL SECTION



Independent Auditors' Report

**To the Board of Supervisors
County of Bland, Virginia
Bland, Virginia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Bland, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Bland, Virginia, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Bland, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principles

As described in Note 24 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement Nos. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Bland, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of County of Bland, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Bland, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Bland, Virginia's basic financial statements. The accompanying other supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2022, on our consideration of County of Bland, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Bland, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Bland, Virginia's internal control over financial reporting and compliance.

Polina, Faver, Cox Associates

Blacksburg, Virginia
December 11, 2022

Basic Financial Statements

County of Bland, Virginia
Statement of Net Position
June 30, 2022

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority (EDA)	Wireless Authority
ASSETS						
Cash and cash equivalents	\$ 5,328,393	\$ 425,864	\$ 5,754,257	\$ 2,500,106	\$ -	\$ 1
Cash in custody of others	-	-	-	563,069	480,632	-
Receivables (net of allowance for uncollectibles):						
Taxes receivable	5,572,047	-	5,572,047	-	-	-
Accounts receivable	207,705	105,461	313,166	-	-	-
Other receivable	172,088	-	172,088	-	-	-
Loan receivable	-	-	-	-	135,000	-
Lease receivable	20,271	-	20,271	-	-	-
Due from primary government	-	-	-	-	-	-
Due from other governmental units	582,221	-	582,221	318,430	-	-
Due from component unit	407,919	-	407,919	-	-	-
Inventories	13,733	-	13,733	-	-	-
Prepaid items	55,314	-	55,314	117,511	-	-
Net pension asset	-	-	-	195,679	-	-
Restricted assets:						
Cash and cash equivalents	-	211,661	211,661	-	-	-
Capital assets, net of accumulated depreciation:						
Land	306,038	255,156	561,194	614,083	420,159	-
Buildings and utility plant	2,866,915	17,068,667	19,935,582	2,699,843	669,215	-
Improvements other than buildings	-	-	-	-	806,728	-
Machinery and equipment	696,720	19,308	716,028	353,095	-	-
Infrastructure	-	-	-	-	-	273,344
Construction in progress	1,496,995	103,705	1,600,700	-	-	-
Right-to-use lease assets, net of accumulated amortization:						
Machinery and equipment	27,438	-	27,438	-	-	-
Total Assets	\$ 17,753,797	\$ 18,189,822	\$ 35,943,619	\$ 7,361,816	\$ 2,511,734	\$ 273,345
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	\$ 594,775	\$ 106,680	\$ 701,455	\$ 1,400,556	\$ -	\$ -
OPEB related items	66,575	-	66,575	201,716	-	-
Total Deferred Outflows of Resources	\$ 661,350	\$ 106,680	\$ 768,030	\$ 1,602,272	\$ -	\$ -
LIABILITIES						
Accounts payable and other accrued liabilities	\$ 211,695	\$ 49,820	\$ 261,515	\$ 70,228	\$ -	\$ 135
Unearned revenue - ARPA	641,162	-	641,162	-	-	-
Unearned revenue - grants	-	-	-	663,329	-	-
Customers' deposits	-	9,600	9,600	-	-	-
Accrued interest payable	15,658	13,860	29,518	-	1,559	-
Due to primary government	-	-	-	407,919	-	-
Noncurrent liabilities:						
Due within one year	383,900	220,269	604,169	72,600	17,667	-
Due in more than one year	3,124,315	8,191,787	11,316,102	4,617,492	517,006	-
Total Liabilities	\$ 4,376,730	\$ 8,485,336	\$ 12,862,066	\$ 5,831,568	\$ 536,232	\$ 135
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	\$ 5,045,117	\$ -	\$ 5,045,117	\$ -	\$ -	\$ -
Leases related items	19,897	-	19,897	-	-	-
Pension related items	1,347,309	97,171	1,444,480	2,982,516	-	-
OPEB related items	71,727	-	71,727	249,232	-	-
Total Deferred Inflows of Resources	\$ 6,484,050	\$ 97,171	\$ 6,581,221	\$ 3,231,748	\$ -	\$ -
NET POSITION						
Net investment in capital assets	\$ 3,472,057	\$ 9,095,665	\$ 12,567,722	\$ 3,667,021	\$ 1,361,429	\$ 273,344
Restricted:						
Pension asset	-	-	-	195,679	-	-
Asset forfeiture funds	34,486	-	34,486	-	-	-
Opioid settlement funds	172,088	-	172,088	-	-	-
Debt service and bond covenants	-	211,661	211,661	-	-	-
School cafeteria	-	-	-	300,392	-	-
School activity funds	-	-	-	262,677	-	-
Unrestricted	3,875,736	406,669	4,282,405	(4,524,997)	614,073	(134)
Total Net Position	\$ 7,554,367	\$ 9,713,995	\$ 17,268,362	\$ (99,228)	\$ 1,975,502	\$ 273,210

The notes to the financial statements are an integral part of this statement.

County of Bland, Virginia
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position						
	Expenses	Charges for Services		Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Component Units		
		Operating Grants and Contributions	Capital Grants and Contributions					School Board	EDA	Wireless Authority
PRIMARY GOVERNMENT:										
Governmental activities:										
General government administration	\$ 637,908	\$ 3,648	\$ 308,491	\$ -	\$ (325,769)	\$ -	(325,769)	-	-	-
Judicial administration	525,532	1,544	406,957	-	(117,031)	-	(117,031)	-	-	-
Public safety	1,550,174	268,325	921,766	-	(360,083)	-	(360,083)	-	-	-
Public works	1,490,057	411,604	496,210	-	(582,243)	-	(582,243)	-	-	-
Health and welfare	1,175,909	-	1,159,240	-	(16,669)	-	(16,669)	-	-	-
Education	2,139,580	-	-	-	(2,139,580)	-	(2,139,580)	-	-	-
Parks, recreation, and cultural	817,133	11,140	-	431,266	(374,727)	-	(374,727)	-	-	-
Community development	154,242	1,214	60,923	-	(92,105)	-	(92,105)	-	-	-
Interest on long-term debt	47,219	-	-	-	(47,219)	-	(47,219)	-	-	-
Total governmental activities	\$ 8,537,754	\$ 697,475	\$ 3,353,587	\$ 431,266	\$ (4,055,426)	\$ -	\$ (4,055,426)	\$ -	\$ -	\$ -
Business-type activities:										
Service Authority	\$ 1,606,985	\$ 646,684	\$ -	\$ 50,000	\$ -	\$ (910,301)	\$ (910,301)	\$ -	\$ -	\$ -
Total primary government	\$ 10,144,739	\$ 1,344,159	\$ 3,353,587	\$ 481,266	\$ (4,055,426)	\$ -	\$ (4,965,727)	\$ -	\$ -	\$ -
COMPONENT UNITS:										
School Board	\$ 8,923,593	\$ 269,656	\$ 7,362,602	\$ -	\$ -	\$ (1,291,335)	\$ (1,291,335)	\$ -	\$ -	\$ -
Economic Development Authority (EDA)	210,181	-	-	-	-	-	-	(210,181)	-	-
Wireless Authority	17,482	-	-	-	-	-	-	-	-	(17,482)
Total component units	\$ 9,151,256	\$ 269,656	\$ 7,362,602	\$ -	\$ -	\$ (1,291,335)	\$ (1,291,335)	\$ (210,181)	\$ (17,482)	\$ (17,482)
General revenues:										
General property taxes	\$ 5,118,431	\$ -	\$ -	\$ -	\$ 5,118,431	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes:										
Local sales and use taxes					479,750		479,750			
Consumers' utility taxes					165,351		165,351			
Restaurant food taxes					328,806		328,806			
Motor vehicle licenses					116,683		116,683			
Franchise license tax					30,966		30,966			
Consumption taxes					20,769		20,769			
Taxes on recordations and wills					47,464		47,464			
Other local taxes					69,311		69,311			
Unrestricted revenues from use of money and property					16,260	11,637	27,897	4,294	727	-
Miscellaneous					533,661	809	534,470	339,514	22,121	-
Contributions from Bland County					-	-	-	2,129,853	152,500	7,826
Grants and contributions not restricted to specific programs					711,598	-	711,598	-	-	-
Transfers					(504,008)	504,008	-	-	-	-
Total general revenues and transfers	\$ 7,135,042	\$ 516,454	\$ 7,651,496	\$ 2,473,661	\$ 7,651,496	\$ 2,473,661	\$ 7,651,496	\$ 175,348	\$ 7,826	\$ 7,826
Change in net position	\$ 3,079,616	\$ (393,847)	\$ 2,685,769	\$ 1,182,326	\$ 2,685,769	\$ 1,182,326	\$ 2,685,769	\$ (34,833)	\$ (9,656)	\$ (9,656)
Net position - beginning	4,474,751	-	10,107,842	14,582,593	14,582,593	(1,281,554)	13,301,039	2,010,335	282,866	282,866
Net position - ending	\$ 7,554,367	\$ 9,713,995	\$ 17,268,362	\$ 15,764,919	\$ 17,268,362	\$ (99,228)	\$ 17,169,134	\$ 1,975,502	\$ 273,210	\$ 273,210

The notes to the financial statements are an integral part of this statement.

County of Bland, Virginia
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 5,328,393
Receivables (net of allowance for uncollectibles):	
Taxes receivable	5,572,047
Accounts receivable	207,705
Other receivable	172,088
Leases receivable	20,271
Due from component unit	407,919
Due from other governmental units	582,221
Inventories	13,733
Prepaid items	55,314
Total assets	\$ 12,359,691
LIABILITIES	
Accounts payable	\$ 211,695
Unearned revenue - ARPA	641,162
Total liabilities	\$ 852,857
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	\$ 5,623,734
Unavailable revenue - opioid settlement	166,110
Leases related items	19,897
Total deferred inflows of resources	\$ 5,809,741
FUND BALANCES	
Nonspendable:	
Prepaid items	\$ 55,314
Inventories	13,733
Restricted:	
Asset forfeiture funds	34,486
Indian village grants	72,975
Opioid settlement	5,978
Committed:	
Law library	80
Courthouse maintenance	10,205
Courtroom security	131,213
Library Building	211,813
Assigned:	
Dare program	722
Patrol fund	11,384
Broadband Project	3,726
Rocky Gap Greenway Project	166,109
Capital improvements	178,739
Road improvements	2,200
General reserves	2,157,900
Unassigned	2,640,516
Total fund balances	\$ 5,697,093
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,359,691

The notes to the financial statements are an integral part of this statement.

County of Bland, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2022

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	5,697,093
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets		
Land	\$	306,038
Buildings and system		2,866,915
Machinery, equipment, and vehicles		696,720
Construction in progress		1,496,995
Right-to-use lease assets		
Machinery, equipment, and vehicles		<u>27,438</u>
		5,394,106
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Unavailable revenue - property taxes		578,617
Unavailable revenue - opioid settlement		<u>166,110</u>
		744,727
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds		
Pension related items	\$	594,775
OPEB related items		<u>66,575</u>
		661,350
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Lease revenue bonds	\$	(1,685,000)
Unamortized bond premium		(179,623)
Note payable - finance purchase		(30,000)
Lease liabilities		(27,426)
Net OPEB liabilities		(514,238)
Net pension liability		(500,519)
Compensated absences		(255,698)
Accrued interest payable		(15,658)
Other long-term liabilities-Virginia Transportation Commission		<u>(315,711)</u>
		(3,523,873)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(1,347,309)
OPEB related items		<u>(71,727)</u>
		(1,419,036)
Net position of governmental activities		<u><u>\$ 7,554,367</u></u>

The notes to the financial statements are an integral part of this statement.

County of Bland, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	<u>General</u>
REVENUES	
General property taxes	\$ 5,229,221
Other local taxes	1,259,100
Permits, privilege fees, and regulatory licenses	18,986
Fines and forfeitures	240,852
Revenue from the use of money and property	19,908
Charges for services	433,989
Miscellaneous	367,551
Recovered costs	230,235
Intergovernmental:	
Commonwealth	2,413,917
Federal	2,082,534
Total revenues	<u>\$ 12,296,293</u>
EXPENDITURES	
Current:	
General government administration	\$ 1,343,552
Judicial administration	630,839
Public safety	1,975,201
Public works	1,529,150
Health and welfare	1,452,412
Education	2,139,580
Parks, recreation, and cultural	893,783
Community development	760,092
Capital projects	68,800
Debt service:	
Principal retirement	169,516
Interest and other fiscal charges	66,394
Total expenditures	<u>\$ 11,029,319</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,266,974</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	\$ 89
Transfers out	(504,097)
Total other financing sources (uses)	<u>\$ (504,008)</u>
Net change in fund balances	\$ 762,966
Fund balances - beginning	4,934,127
Fund balances - ending	<u><u>\$ 5,697,093</u></u>

The notes to the financial statements are an integral part of this statement.

County of Bland, Virginia
 Reconciliation of Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	762,966
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period.

Capital asset additions	\$ 1,305,307	
Depreciation expense/amortization expense	<u>(428,064)</u>	877,243

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue-property taxes	(110,790)	
Change in unavailable revenue-opioid settlement	<u>166,110</u>	55,320

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.

Payments of principal:		
Lease revenue bonds	\$ 130,000	
Note payable - finance purchase	30,000	
Lease liabilities	9,516	
(Increase) decrease in landfill accrued closure and post-closure monitoring costs	<u>28,657</u>	198,173

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences	\$ (916)	
Change in pension related items	230,370	
Change in OPEB related items	937,285	
Change in accrued interest payable	1,651	
Amortization of bond premium	<u>17,524</u>	<u>1,185,914</u>

Change in net position of governmental activities	\$	<u><u>3,079,616</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Bland, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2022

	Enterprise Fund	Component Units	
	<u>Service Authority</u>	<u>EDA</u>	<u>Wireless Authority</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 425,864	\$ -	\$ 1
Cash in custody of others	-	480,632	-
Loan receivable	-	135,000	-
Accounts receivable, net of allowance for uncollectibles	105,461	-	-
Total current assets	<u>\$ 531,325</u>	<u>\$ 615,632</u>	<u>\$ 1</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ 211,661	\$ -	\$ -
Capital assets, net of accumulated depreciation:			
Land	\$ 255,156	\$ 420,159	\$ -
Buildings and utility plant in service	17,068,667	669,215	-
Improvements other than buildings	-	806,728	-
Machinery and equipment	19,308	-	-
Infrastructure	-	-	273,344
Construction in progress	103,705	-	-
Total capital assets	<u>\$ 17,446,836</u>	<u>\$ 1,896,102</u>	<u>\$ 273,344</u>
Total noncurrent assets	<u>\$ 17,658,497</u>	<u>\$ 1,896,102</u>	<u>\$ 273,344</u>
Total assets	<u>\$ 18,189,822</u>	<u>\$ 2,511,734</u>	<u>\$ 273,345</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 106,680	\$ -	\$ -
Total deferred outflows of resources	<u>\$ 106,680</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 49,820	\$ -	\$ 135
Customers' deposits	9,600	-	-
Accrued interest payable	13,860	1,559	-
Compensated absences - current portion	18,279	-	-
Bonds payable - current portion	201,990	17,667	-
Total current liabilities	<u>\$ 293,549</u>	<u>\$ 19,226</u>	<u>\$ 135</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 8,149,181	\$ 517,006	\$ -
Compensated absences - net of current portion	6,092	-	-
Net pension liability	36,514	-	-
Total noncurrent liabilities	<u>\$ 8,191,787</u>	<u>\$ 517,006</u>	<u>\$ -</u>
Total liabilities	<u>\$ 8,485,336</u>	<u>\$ 536,232</u>	<u>\$ 135</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 97,171	\$ -	\$ -
Total deferred inflows of resources	<u>\$ 97,171</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION			
Net investment in capital assets	\$ 9,095,665	\$ 1,361,429	\$ 273,344
Restricted for debt service and bond covenants	211,661	-	-
Unrestricted	406,669	614,073	(134)
Total net position	<u>\$ 9,713,995</u>	<u>\$ 1,975,502</u>	<u>\$ 273,210</u>

The notes to the financial statements are an integral part of this statement.

County of Bland, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Fund Service <u>Authority</u>	Component Units	
		<u>EDA</u>	<u>Wireless Authority</u>
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 327,178	\$ -	\$ -
Sewer revenues	283,634	-	-
Connection fees	13,695	-	-
Penalties	22,177	-	-
Other revenues	11,616	-	-
Miscellaneous	809	22,121	-
Total operating revenues	<u>\$ 659,109</u>	<u>\$ 22,121</u>	<u>\$ -</u>
OPERATING EXPENSES			
Salaries and fringes	\$ 252,615	\$ 1,200	\$ 768
Utilities	78,416	-	6,249
Purchase of chemicals	25,649	-	180
Purchase of water	204,606	-	-
Maintenance and repairs	108,817	-	193
Office expense	4,676	3,009	-
Insurance	11,321	-	167
Permits	11,682	-	-
Professional services	4,027	-	-
Miscellaneous	8,377	6,485	-
Small business grants	-	106,600	-
Depreciation	703,502	73,900	9,925
Total operating expenses	<u>\$ 1,413,688</u>	<u>\$ 191,194</u>	<u>\$ 17,482</u>
Operating income (loss)	<u>\$ (754,579)</u>	<u>\$ (169,073)</u>	<u>\$ (17,482)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	\$ 21	\$ 727	\$ -
Interest expense	(193,297)	(18,987)	-
Total nonoperating revenues (expenses)	<u>\$ (193,276)</u>	<u>\$ (18,260)</u>	<u>\$ -</u>
Income before contributions and transfers	<u>\$ (947,855)</u>	<u>\$ (187,333)</u>	<u>\$ (17,482)</u>
Capital contributions and construction grants	\$ 50,000	\$ -	\$ -
Contributions from County	-	152,500	7,826
Transfers in (Contributions from primary government)	504,097	-	-
Transfers out (project repayments to primary government)	(89)	-	-
Change in net position	<u>\$ (393,847)</u>	<u>\$ (34,833)</u>	<u>\$ (9,656)</u>
Net position - beginning	10,107,842	2,010,335	282,866
Net position - ending	<u>\$ 9,713,995</u>	<u>\$ 1,975,502</u>	<u>\$ 273,210</u>

The notes to the financial statements are an integral part of this statement.

County of Bland, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 648,909	\$ 37,121	\$ -
Payments to suppliers	(437,739)	(116,094)	(7,057)
Payments to and for employees	(250,760)	(1,200)	(768)
Net cash provided by (used for) operating activities	<u>\$ (39,590)</u>	<u>\$ (80,173)</u>	<u>\$ (7,825)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to primary government	\$ (89)	\$ -	\$ -
Contributions from primary government or component unit	504,097	152,500	7,826
Net cash provided by (used for) noncapital financing activities	<u>\$ 504,008</u>	<u>\$ 152,500</u>	<u>\$ 7,826</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	\$ (52,644)	\$ -	\$ -
Principal payments on bonds	(222,166)	(17,058)	-
Capital contributions received	50,000	-	-
Interest expense	(193,549)	(19,037)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (418,359)</u>	<u>\$ (36,095)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	\$ 21	\$ 727	\$ -
Net cash provided by (used for) investing activities	<u>\$ 21</u>	<u>\$ 727</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ 46,080	\$ 36,959	\$ 1
Cash and cash equivalents - beginning (including restricted cash and cash equivalents of \$181,264)	<u>591,445</u>	<u>443,673</u>	<u>-</u>
Cash and cash equivalents - ending (including restricted cash and cash equivalents of \$211,661)	<u><u>\$ 637,525</u></u>	<u><u>\$ 480,632</u></u>	<u><u>\$ 1</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ (754,579)</u>	<u>\$ (169,073)</u>	<u>\$ (17,482)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 703,502	\$ 73,900	\$ 9,925
(Increase) decrease in accounts receivable	(10,400)	-	-
(Increase) decrease in loan receivables	-	15,000	-
(Increase) decrease in deferred outflows of resources	(78,120)	-	-
Increase (decrease) in customer deposits	200	-	-
Increase (decrease) in accounts payable	19,832	-	(268)
Increase (decrease) compensated absences	(485)	-	-
Increase (decrease) in net pension liability	(2,291)	-	-
Increase (decrease) in deferred inflows of resources	82,751	-	-
Total adjustments	<u>\$ 714,989</u>	<u>\$ 88,900</u>	<u>\$ 9,657</u>
Net cash provided by (used for) operating activities	<u><u>\$ (39,590)</u></u>	<u><u>\$ (80,173)</u></u>	<u><u>\$ (7,825)</u></u>

The notes to the financial statements are an integral part of this statement.

County of Bland, Virginia
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2022

	<u>Custodial Fund Special Welfare</u>
ASSETS	
Cash and cash equivalents	\$ 9,269
NET POSITION	
Restricted for:	
Held for social services clients	<u>\$ 9,269</u>

The notes to the financial statements are an integral part of this statement.

County of Bland, Virginia
 Statement of Changes in Fiduciary Net Position
 Fiduciary Fund
 June 30, 2022

	<u>Custodial Fund Special Welfare</u>
ADDITIONS	
Special welfare collections	\$ 1,760
Interest	1
Total additions	<u>\$ 1,761</u>
DEDUCTIONS	
Special welfare expenditures	<u>\$ 1,691</u>
Net increase (decrease) in fiduciary net position	<u>\$ 70</u>
Net position - beginning	\$ 9,199
Net position - ending	<u><u>\$ 9,269</u></u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF BLAND, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1-Summary of Significant Accounting Policies:

The financial statements of the County conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity

The County of Bland, Virginia (government) is a municipal corporation governed by an elected four-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended Component Units - The Bland County Service Authority provides water and sewer service to the County. The Service Authority is fiscally dependent upon the County. In addition, the County Board appoints the Service Authority's Board. A separate report is not issued for the Authority.

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the County.

The Bland County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type. A separate report is not issued for the School Board.

The Bland County Economic Development Authority encourages and provides financing for economic development in the County. The Economic Development Authority board members are appointed by the Board of Supervisors. The Economic Development Authority is fiscally dependent upon the County. The Economic Development Authority is presented as an enterprise fund type. A separate report is not issued for the Economic Development Authority.

The Bland County Wireless Authority provides wireless internet services in the County. The Wireless Authority board members are appointed by the Board of Supervisors. The Wireless Authority is fiscally dependent upon the County. The Wireless Authority is presented as an enterprise fund type. A separate report is not issued for the Wireless Authority.

Related Organizations - The County has no related organizations.

Jointly Governed Organizations - The County of Bland and the County of Wythe participate in supporting the Wythe-Bland Service Authority. The respective governing bodies of the jurisdictions appoint the governing body of this organization. The Service Authority generates revenue through service charges for refuse disposal.

Note 1-Summary of Significant Accounting Policies: (Continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The Statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government is broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Note 1-Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the Law Library Fund, the E-911 Fund, Federal Asset Forfeiture Funds, the Social Services Fund, the CSA Fund, the Selective Enforcement Fund, the Recreation Fund, Courthouse Maintenance Fund, Patrol Fund, the Courtroom Security Fund, Sheriff Asset Forfeiture Fund, Commonwealth's Attorney Asset Forfeiture, General Fund Reserves, Sheriff Dare Funds, Capital Improvement Fund, Broadband Expenditure Funds, Road Improvements, Rocky Gap Greenway Project, Library Building Fund, Industrial Park Expenditure Fund, and Indian Village.

The School Board reports the following major funds:

The *School Operating Fund* is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from appropriations for the County and state and federal grants.

The *School Activity Fund* accounts for and reports all funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, fundraisers, etc., and from any and all activities of the individual schools.

The government reports the following major proprietary funds:

The Bland County Service Authority provides water service to the County and is presented as a blended component unit.

Additionally, the government reports the following fund types:

Fiduciary funds (trust and custodial funds) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. The Custodial fund consists of the special welfare fund.

Note 1-Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise fund are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance

1. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

3. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Note 1-Summary of Significant Accounting Policies: (Continued)

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance (Continued)

4. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$232,842 at June 30, 2022. The allowance consists of delinquent taxes in the amount of \$161,906, delinquent garbage bills of \$60,679, and delinquent water and sewer bills of \$10,257.

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Property, plant, and equipment and infrastructure of the primary government, as well as of the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-40
Utility plant	20-40
Infrastructure	20-40
Machinery and equipment	4-30
Land improvements	30

Note 1-Summary of Significant Accounting Policies: (Continued)

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance (Continued)

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has several types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes and opioid settlement receivable is reported in the governmental funds balance sheet. The property tax amount is comprised of uncollected property taxes due prior to June 30th, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

9. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

10. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's and School Board's Retirement Plan and the additions to/deductions from the County's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1-Summary of Significant Accounting Policies: (Continued)

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance (Continued)

11. Other Postemployment Benefits (OPEB) (Continued)

In addition to the VRS related OPEB, the County and School Board allow their retirees to stay on the health insurance plan after retirement. The retiree is required to pay the blended premium cost creating an implicit subsidy OPEB liability. In addition, retirees receive a monthly stipend toward their health insurance cost until the retiree is Medicare eligible.

12. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

13. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the City Council/Board of Supervisors/Town Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council/Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

The County's highest decision-making level is the Board of Supervisors. Action from the Board of Supervisors is required to commit or release funds from commitment.

The County's Board of Supervisors has authorized the County Administrator to assign fund balance to a specific purpose as approved within the County fund balance policy.

Note 1-Summary of Significant Accounting Policies: (Continued)

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance (Continued)

14. Fund Balance (Continued)

The County considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unassigned, assigned, or committed fund balances are available, unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the County considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

15. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

16. Leases

The County leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

The County recognizes lease liabilities and intangible right-to-use lease assets (lease assets) in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Note 1-Summary of Significant Accounting Policies: (Continued)

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance (Continued)

16. Leases (Continued)

Lessor

The County recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The County monitors changes in circumstances that would require a remeasurement or modification of its leases. The County will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary Information

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The Board of Supervisors authorizes transfers of budgeted amounts within the general government departments and the school system's categories.

Note 2-Stewardship, Compliance, and Accountability: (Continued)

A. Budgetary Information (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Operating Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2022, there were no funds/functions that had expenditures in excess of appropriations.

C. Deficit Fund Equity

At June 30, 2022, there were no funds with deficit fund equity.

Note 3-Deposits and Investments:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and Collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). The County had no investments as of June 30, 2022.

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Note 4-Due from Other Governmental Units:

The following amounts represent receivables from other governments at year-end:

	<u>Governmental Activities</u>	<u>Component Unit School Board</u>
<u>Commonwealth of Virginia:</u>		
Big Walker SWCD	\$ 72,336	\$ -
<u>Commonwealth of Virginia:</u>		
Local sales tax	90,981	-
State sales tax	-	172,804
Shared expenses	155,315	-
Non-categorical aid	62,622	-
Virginia public assistance funds	22,974	-
Children's Services Act (CSA)	46,115	-
<u>Federal Government:</u>		
Virginia public assistance funds	45,444	-
School grants	-	145,626
VA emergency service	7,500	-
VDOT Grant	78,934	-
Totals	<u>\$ 582,221</u>	<u>\$ 318,430</u>

Note 5-Interfund Transfers and Balances:

Interfund transfers for the year ended June 30, 2022 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 89	\$ 504,097
Service Authority:		
Water Fund	135,483	89
Sewer Fund	368,614	-
Total	<u>\$ 504,186</u>	<u>\$ 504,186</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 6-Interfund/Component-Unit Obligations:

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:		
General Fund	\$ -	\$ 407,919
Component Unit:		
School Board	\$ 407,919	\$ -

Note 7-Long-Term Obligations:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2022.

	Balance July 1, 2021	GASBS No. 87 Implementation	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2022
Governmental Activities:					
Direct Borrowings and Placements					
Lease revenue bond	\$ 1,815,000	\$ -	\$ -	\$ (130,000)	\$ 1,685,000
Deferred Amounts:					
Bond premium	197,147	-	-	(17,524)	179,623
Note payable - finance purchase	60,000	-	-	(30,000)	30,000
Total Direct Borrowings and Placements	\$ 2,072,147	\$ -	\$ -	\$ (177,524)	\$ 1,894,623
Lease liabilities	-	36,942	-	(9,516)	27,426
Landfill post-closure monitoring liability	28,657	-	-	(28,657)	-
Net pension liability	1,963,583	-	1,250,980	(2,714,044)	500,519
Net OPEB liabilities	1,512,765	-	209,563	(1,208,090)	514,238
Compensated absences	254,782	-	192,003	(191,087)	255,698
VA Transportation Commission payable	315,711	-	-	-	315,711
Total Governmental Activities	\$ 6,147,645	\$ 36,942	\$ 1,652,546	\$ (4,328,918)	\$ 3,508,215
Business-type Activities:					
Direct Borrowings and Placements					
Revenue Bonds	\$ 8,573,337	\$ -	\$ -	\$ (222,166)	\$ 8,351,171
Total Direct Borrowings and Placements	\$ 8,573,337	\$ -	\$ -	\$ (222,166)	\$ 8,351,171
Compensated Absences	24,856	-	18,157	(18,642)	24,371
Net pension liability	38,805	-	188,611	(190,902)	36,514
Total Business-type Activities	\$ 8,636,998	\$ -	\$ 206,768	\$ (431,710)	\$ 8,412,056
Total Long-term Obligations	\$ 14,784,643	\$ 36,942	\$ 1,859,314	\$ (4,760,628)	\$ 11,920,271

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 7-Long-Term Obligations: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Direct Borrowings and Placements Governmental Activities Lease Revenue Bond		Governmental Activities Lease Liabilities		Direct Borrowings and Placements Business-type Activities Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
	2023	\$ 165,000	\$ 59,741	\$ 9,602	\$ 202	\$ 201,990
2024	140,000	53,619	9,686	118	206,935	183,781
2025	145,000	48,190	8,138	33	212,013	178,703
2026	150,000	44,028	-	-	217,230	173,486
2027	155,000	39,122	-	-	222,588	168,128
2028-2032	865,000	99,622	-	-	1,198,599	754,981
2033-2037	95,000	1,634	-	-	1,356,562	597,018
2038-2042	-	-	-	-	1,336,791	423,951
2043-2047	-	-	-	-	1,252,628	284,789
2048-2052	-	-	-	-	1,370,046	149,813
2053-2057	-	-	-	-	706,826	26,627
2058-2062	-	-	-	-	68,963	879
Total	\$ 1,715,000	\$ 345,956	\$ 27,426	\$ 353	\$ 8,351,171	\$ 3,130,882

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COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 7-Long-Term Obligations: (Continued)

Details of long-term obligations are as follows:

Type	Interest Rates	Installment Amounts	Final Maturity Date	Amount of Original Issue	Balance	Amount Due Within One Year
Governmental Activities:						
Direct Borrowings and Placements:						
Lease revenue bond - VRA 2012	2.163-4.821%	\$90,000-\$185,000 (a+)	4/1/2033	\$ 2,645,000	\$ 1,685,000	\$ 135,000
Deferred Amounts:						
Unamortized bond premium	n/a	n/a	n/a	n/a	179,623	17,524
Note payable - finance purchase	n/a	\$30,000 (a+)	12/31/2022	150,000	30,000	30,000
Total Direct Borrowings and Placements					\$ 1,894,623	\$ 182,524
Lease Liabilities:						
Copier lease	0.88%	\$99 m	4/20/2025	\$ 5,813	\$ 3,323	\$ 1,164
Copier lease	0.88%	\$104 m	4/20/2025	6,107	3,492	1,222
Copier lease	0.88%	\$104 m	4/20/2025	6,107	3,492	1,222
Copier lease	0.88%	\$104 m	4/20/2025	6,107	3,492	1,222
Copier lease	0.88%	\$99 m	4/20/2025	5,813	3,323	1,164
Copier lease	0.88%	\$104 m	4/20/2025	6,107	3,492	1,222
Copier lease	0.88%	\$52 m	4/20/2025	3,053	1,745	611
Copier lease	0.88%	\$52 m	4/20/2025	3,053	1,745	611
Copier lease	0.88%	\$50 m	4/20/2025	2,907	1,661	582
Copier lease	0.88%	\$50 m	4/20/2025	2,907	1,661	582
Total Lease Liabilities					\$ 27,426	\$ 9,602
Other Long-term Obligations:						
Compensated absences	n/a	n/a	n/a	n/a	255,698	191,774
Net pension liability	n/a	n/a	n/a	n/a	500,519	-
Net OPEB liabilities	n/a	n/a	n/a	n/a	514,238	-
VA Transportation Commission payable (1)	n/a	n/a	3/16/2022	n/a	315,711	-
Total other long-term obligations					\$ 1,586,166	\$ 191,774
Total long-term obligations, governmental activities					\$ 3,508,215	\$ 383,900
Business-type Activities:						
Revenue Bonds:						
Direct Borrowings and Placements:						
Rural Development 2000	4.50%	\$3,822 (m)	12/28/2040	832,650	\$ 576,240	\$ 20,351
VRA WSL-32-10	3.00%	\$16,682 (sa)	2/1/2038	579,359	425,907	20,742
Rural Development 2013	2.125%	\$21,088 (m)	3/11/2054	6,590,000	5,858,055	129,833
VRA WSL-18-11	3.00%	\$3,728 (sa)	8/1/2045	146,448	121,716	3,893
Rural Development 2018	1.75%	\$4,316 (m)	11/27/2058	1,463,000	1,369,253	27,171
Total Direct Borrowings and Placements					\$ 8,351,171	\$ 201,990
Other Long-term Obligations:						
Compensated absences	n/a	n/a	n/a	n/a	\$ 24,371	\$ 18,279
Net pension liability	n/a	n/a	n/a	n/a	36,514	-
Total other long-term obligations					\$ 60,885	\$ 18,279
Total long-term obligations, business-type activities					\$ 8,412,056	\$ 220,269
Total long-term obligations, primary government					\$ 11,920,271	\$ 604,169

(a+) - annual principal installments shown, does not include semi-annual interest installments
 (m) - monthly installments, includes interest as applicable
 (sa) - semi-annual installments, includes interest as applicable
 (1) - Repayment of grant to Virginia Transportation Commission for Industrial Park Access Grant

If an event of default occurs with VRA, the principal of the bond(s) may be declared immediately due and payable to the registered owner of the bond(s) by written notice to the Authority.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 7-Long-Term Obligations: (Continued)

If an event of default occurs with Rural Development, the holders of the bonds at their option may declare the entire unpaid principal amount of the bonds then outstanding and accrued interest thereon to be immediately due and payable.

Note 8-Long-Term Obligations-Component Units:

The following is a summary of long-term obligation transactions of the component units for the year ended June 30, 2022:

	Balance July 1, 2021	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2022
EDA:				
Direct Borrowings and Placements				
Note Payable	\$ 551,731	\$ -	\$ (17,058)	\$ 534,673
School Board:				
Compensated absences	\$ 112,641	\$ 68,640	\$ (84,481)	\$ 96,800
Net OPEB liabilities	1,384,303	290,367	(400,878)	1,273,792
Net pension liability ⁽¹⁾	6,036,429	1,554,902	(4,271,831)	3,319,500
Total School Board	<u>\$ 7,533,373</u>	<u>\$ 1,913,909</u>	<u>\$ (4,757,190)</u>	<u>\$ 4,690,092</u>

⁽¹⁾ Beginning balance excludes School Board (nonprofessional) net pension liability which resulted in an ending balance net pension asset.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Direct Borrowings and Placements	
	Note Payable	
	Principal	Interest
2023	\$ 17,667	\$ 18,428
2024	18,295	17,800
2025	18,946	17,149
2026	19,620	16,475
2027	20,318	15,778
2028-2032	112,956	67,521
2033-2037	134,524	45,953
2038-2042	160,210	20,266
2043	32,137	556
Total	<u>\$ 534,673</u>	<u>\$ 219,926</u>

A default rate of 4% above the current rate will apply should the loan ever reach 15 days past due.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 8-Long-Term Obligations-Component Units: (Continued)

Details of long-term obligations are as follows:

Type	Interest Rates	Installment Amounts	Final Maturity Date	Amount of Original Issue	Balance	Amount Due Within One Year
EDA:						
Direct Borrowings and Placements						
Note Payable	3.500%	\$3,007 (m)	4/1/2043	\$ 600,000	\$ 534,673	\$ 17,667
School Board:						
Other Long-term Obligations:						
Compensated absences	n/a	n/a	n/a	n/a	\$ 96,800	\$ 72,600
Net OPEB liabilities	n/a	n/a	n/a	n/a	1,273,792	-
Net pension liability	n/a	n/a	n/a	n/a	3,319,500	-
Total School Board other long-term obligations					\$ 4,690,092	\$ 72,600

(m) - monthly installments, includes interest as applicable

Note 9-Pension Plans:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

Note 9-Pension Plans: (Continued)

Benefit Structures (Continued)

- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Note 9-Pension Plans: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	43	26
Inactive members:		
Vested inactive members	11	9
Non-vested inactive members	8	14
Inactive members active elsewhere in VRS	<u>22</u>	<u>8</u>
Total inactive members	41	31
Active members	<u>65</u>	<u>13</u>
Total covered employees	<u><u>149</u></u>	<u><u>70</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County’s contractually required employer contribution rate for the year ended June 30, 2022 was 10.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$278,440 and \$268,315 for the years ended June 30, 2022 and June 30, 2021, respectively.

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2022 was 5.69% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board’s nonprofessional employees were \$12,765 and \$11,885 for the years ended June 30, 2022 and June 30, 2021, respectively.

Note 9-Pension Plans: (Continued)

Net Pension Liability (Asset)

The net pension liability (asset) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities (assets) were measured as of June 30, 2021. The total pension liabilities used to calculate the net pension liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

All Others (Non-10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

Note 9-Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County’s Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

All Others (Non-10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Note 9-Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)

Mortality rates: (Continued)

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Note 9-Pension Plans: (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return*</u>
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

*The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 9-Pension Plans: (Continued)

Discount Rate (Continued)

Through the fiscal year ended June 30, 2021, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 10,771,645	\$ 8,769,257	\$ 2,002,388
Changes for the year:			
Service cost	\$ 282,388	\$ -	\$ 282,388
Interest	711,905	-	711,905
Changes in assumptions	342,096	-	342,096
Differences between expected and actual experience	(3,164)	-	(3,164)
Contributions - employer	-	268,315	(268,315)
Contributions - employee	-	133,223	(133,223)
Net investment income	-	2,402,670	(2,402,670)
Benefit payments, including refunds of employee contributions	(449,803)	(449,803)	-
Administrator charges	-	(5,857)	5,857
Other changes	-	229	(229)
Net changes	\$ 883,422	\$ 2,348,777	\$ (1,465,355)
Balances at June 30, 2021	\$ 11,655,067	\$ 11,118,034	\$ 537,033

Note 9-Pension Plans: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 1,966,162	\$ 1,875,263	\$ 90,899
Changes for the year:			
Service cost	\$ 21,150	\$ -	\$ 21,150
Interest	128,234	-	128,234
Changes in assumptions	73,624	-	73,624
Differences between expected and actual experience	11,480	-	11,480
Contributions - employer	-	11,885	(11,885)
Contributions - employee	-	10,616	(10,616)
Net investment income	-	499,834	(499,834)
Benefit payments, including refunds of employee contributions	(132,792)	(132,792)	-
Administrator charges	-	(1,315)	1,315
Other changes	-	46	(46)
Net changes	\$ 101,696	\$ 388,274	\$ (286,578)
Balances at June 30, 2021	\$ 2,067,858	\$ 2,263,537	\$ (195,679)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the County and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County Net Pension Liability	\$ 2,237,367	\$ 537,033	\$ (843,306)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ 17,711	\$ (195,679)	\$ (375,983)

Note 9-Pension Plans: (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$50,410 and \$14,583, respectively. At June 30, 2022, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 45,925	\$ 175,661	\$ 1,833	\$ -
Change in assumptions	306,200	-	11,755	-
Change in proportionate share	70,890	70,890	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,197,929	-	246,430
Employer contributions subsequent to the measurement date	278,440	-	12,765	-
Total	\$ 701,455	\$ 1,444,480	\$ 26,353	\$ 246,430

\$278,440 and \$12,765 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction or component of the Net Pension Liability (Asset) in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2023	\$ (194,740)	\$ (43,992)
2024	(237,100)	(56,109)
2025	(227,112)	(57,338)
2026	(362,513)	(75,403)

Note 9-Pension Plans: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (Professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$644,159 and \$605,008 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the school division reported a liability of \$3,319,500 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was .04276% as compared to 0.04150% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of \$(123,067). Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

Note 9-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 282,735
Change in assumptions	581,568	-
Net difference between projected and actual earnings on pension plan investments	-	2,091,860
Changes in proportion and differences between employer contributions and proportionate share of contributions	148,476	361,491
Employer contributions subsequent to the measurement date	<u>644,159</u>	<u>-</u>
Total	<u>\$ 1,374,203</u>	<u>\$ 2,736,086</u>

\$644,159 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2023	\$ (560,885)
2024	(471,284)
2025	(419,415)
2026	(555,366)
Thereafter	908

Note 9-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

Note 9-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions (Continued)

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 53,381,141
Plan Fiduciary Net Position	<u>45,617,878</u>
Employers' Net Pension Liability (Asset)	<u>\$ 7,763,263</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 85.46%

The total pension liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System’s notes to the financial statements and required supplementary information.

The long-term expected rate of return and discount rate information previously described also apply to his plan.

Note 9-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Sensitivity of the School Division’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division’s proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the school division’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 6,406,456	\$ 3,319,500	\$ 780,067

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension		Deferred Outflows	Deferred Inflows	Net Pension	
			Liability (Asset)	Pension Expense			Liability (Asset)	Pension Expense
VRS Pension Plan:								
Primary Government	\$ 701,455	\$ 1,444,480	\$ 537,033	\$ 50,410	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	26,353	246,430	(195,679)	14,583
School Board Professional	-	-	-	-	1,374,203	2,736,086	3,319,500	(123,067)
Totals	<u>\$ 701,455</u>	<u>\$ 1,444,480</u>	<u>\$ 537,033</u>	<u>\$ 50,410</u>	<u>\$ 1,400,556</u>	<u>\$ 2,982,516</u>	<u>\$ 3,123,821</u>	<u>\$ (108,484)</u>

Note 10—Healthcare OPEB Plans:

Primary Government

Plan Description

The County administers a single-employer defined benefit healthcare plan, The County of Bland Postretirement Healthcare Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the City’s pension plans. The plan does not issue a publicly available financial report.

Note 10—Healthcare OPEB Plans: (Continued)

Primary Government (Continued)

Benefits Provided

Postemployment benefits that are provided to eligible retirees include Medical and Dental. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. In addition, the County provides a fixed basic death benefit for all retirees.

Plan Membership

At June 30, 2022 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	68
Total retirees with coverage	<u>4</u>
Total	<u><u>72</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board of Supervisors. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2022 was \$0.

Total OPEB Liability

The County’s total OPEB liability was measured as of June 30, 2022. The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 using the alternative measurement method.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	5.00%
Discount Rate	3.54%

Mortality rates are based on the Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

The date of the most recent actuarial experience study for which significant assumptions were based is June 30, 2022.

Discount Rate

The discount rate is based on the 20 year, tax exempt municipal bond yield.

Note 10—Healthcare OPEB Plans: (Continued)

Primary Government (Continued)

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability
Balances at June 30, 2020	\$ 1,254,706
Changes for the year:	
Service Cost	115,030
Interest	29,586
Effect of economic/demographic gains or losses	(1,013,496)
Effect of assumption changes or inputs	(59,777)
Net changes	(928,657)
Balances at June 30, 2021	\$ 326,049

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current discount rate:

Discount Rate		
1% Decrease (2.54%)	Current (3.54%)	1% Increase (4.54%)
\$ 367,680	\$ 326,049	\$ 291,604

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

Healthcare Trend Rate		
1% Decrease	Current	1% Increase
\$ 281,764	\$ 326,049	\$ 380,033

The healthcare trend rates for medical, pharmacy, dental, and vision are 4.70% in 2022 decreasing to 4.20% after 2029, 5.20% in 2022 decreasing to 4.20% after 2028, 3.50% in 2022 decreasing to 3.00% after 2024, and 3.00%, respectively.

Note 10—Healthcare OPEB Plans: (Continued)

Primary Government (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2022, the County recognized OPEB expense in the amount of \$(928,657). At June 30, 2022, the County did not report deferred outflows of resources and deferred inflows of resources related to OPEB.

Additional disclosures on changes in total OPEB liability and related ratios can be found in the required supplementary information following the notes to the financial statements.

Component Unit - School Board

Plan Description

The Component Unit - School Board administers a single-employer defined benefit healthcare plan, The Bland County School Board OPEB Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical and Dental. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. In addition, the School Board provides a fixed basic death benefit for all retirees.

Plan Membership

At June 30, 2022 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	97
Total retirees with coverage	<u>5</u>
Total	<u><u>102</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2022 was \$22,850.

Total OPEB Liability

The School Board’s total OPEB liability was measured as of June 30, 2022. The total OPEB liability was determined by an actuarial valuation as July 1, 2020.

Note 10—Healthcare OPEB Plans: (Continued)

Component Unit - School Board (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.50% - 5.35% based on years of service
Discount Rate	3.54%
Health Care Cost Trend	5.50% in 2022 then grading to an ultimate rate of 4.00% over 55 years.

Mortality Rates:

Pre-Retirement

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related.

Post-Retirement

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at age 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement

RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The date of the most recent actuarial experience study for which significant assumptions were based is June 30, 2016.

Discount Rate

The discount rate is based on the bond buyer 20 year GO bond index as of the measurement date.

Note 10—Healthcare OPEB Plans: (Continued)

Component Unit - School Board (Continued)

Changes in Total OPEB Liability

	Component Unit School Board <u>Total OPEB Liability</u>
Balances at June 30, 2021	\$ 469,207
Changes for the year:	
Service Cost	35,437
Interest	10,655
Change in assumptions	(45,342)
Benefit payments	(22,850)
Net changes	<u>(22,100)</u>
Balances at June 30, 2022	<u>\$ 447,107</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the Component Unit School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current discount rate:

<u>Rates</u>		
<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
<u>(2.54%)</u>	<u>(3.54%)</u>	<u>(4.54%)</u>
\$ 479,646	\$ 447,107	\$ 416,396

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Component Unit School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current healthcare cost trend rates:

<u>Rates</u>		
<u>1% Decrease</u>	<u>Current Healthcare Cost Trend</u>	<u>1% Increase</u>
\$ 395,566	\$ 447,107	\$ 507,856

Note 10—Healthcare OPEB Plans: (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2022, the School Board recognized OPEB expense in the amount of \$46,794. At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 11,416
Changes in assumptions	48,316	40,754
Total	<u>\$ 48,316</u>	<u>\$ 52,170</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2023	\$ 702
2024	(135)
2025	(1,300)
2026	(1,300)
2027	(1,300)
Thereafter	(521)

Additional disclosures on changes in total OPEB liability and related ratios can be found in the required supplementary information following the notes to the financial statements.

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Plan Description (Continued)

The specific information for GLI Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the GLI Plan from the County were \$15,998 and \$15,274 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the GLI Plan from the Component Unit-School Board (non-professional) were \$1,287 and \$1,217 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the GLI Plan from the Component Unit-School Board (professional) were \$21,735 and \$20,376 for the years ended June 30, 2022 and June 30, 2021, respectively.

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

At June 30, 2022, the County reported a liability of \$159,505 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2022, the Component Unit-School Board (nonprofessional) reported a liability of \$12,690 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2022, the Component Unit-School Board (professional) reported a liability of \$212,829 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2021, the County's proportion was 0.01370% as compared to 0.01310% at June 30, 2020.

At June 30, 2021, the Component Unit-School Board (nonprofessional) proportion was 0.00110% as compared to 0.00170% at June 30, 2020.

At June 30, 2021, the Component Unit-School Board (professional) proportion was 0.01830% as compared to 0.01760% at June 30, 2020.

For the year ended June 30, 2022, the County recognized GLI OPEB expense of \$11,802. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2022, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of \$(2,954). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2022, the Component-Unit School Board (professional) recognized GLI OPEB expense of \$2,688 GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component-Unit School Board (Non-professional)		Component-Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,192	\$ 1,215	\$ 1,447	\$ 97	\$ 24,274	\$ 1,622
Net difference between projected and actual earnings on GLI OPEB program investments	-	38,070	-	3,029	-	50,798
Change in assumptions	8,793	21,824	700	1,736	11,733	29,120
Changes in proportionate share	15,057	310	-	13,159	9,385	24,602
Employer contributions subsequent to the measurement date	15,998	-	1,287	-	21,735	-
Total	\$ 58,040	\$ 61,419	\$ 3,434	\$ 18,021	\$ 67,127	\$ 106,142

\$15,998, \$1,287, and \$21,735 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component-Unit School Board (nonprofessional), and Component-Unit School Board (professional), respectively, contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit-School Board (Nonprofessional)	Component Unit-School Board (Professional)
2023	\$ (2,591)	\$ (4,099)	\$ (16,516)
2024	(1,685)	(3,958)	(14,774)
2025	(3,811)	(3,262)	(12,059)
2026	(10,409)	(2,831)	(15,805)
2027	(881)	(1,724)	(1,596)
Thereafter	-	-	-

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,577,346
Plan Fiduciary Net Position	2,413,074
GLI Net OPEB Liability (Asset)	<u>\$ 1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%

The total GLI OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on the System’s investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System’s investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return (Continued)

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return*</u>
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	2.50%
		Expected arithmetic nominal return*	<u>7.39%</u>

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Sensitivity of the Employer’s Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer’s proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer’s proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County’s proportionate share of the GLI Plan Net OPEB Liability	\$ 233,043	\$ 159,505	\$ 100,120
Component Unit-School Board (Non-professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 18,541	\$ 12,690	\$ 7,965
Component Unit-School Board (Professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 310,951	\$ 212,829	\$ 133,591

Group Life Insurance Plan Fiduciary Net Position

Detailed information about the Group Life Insurance Plan’s Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree’s death.

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description (Continued)

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Primary Government	Component Unit - School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	7	9
Inactive members:		
Vested inactive members	-	3
Total inactive members	7	12
Active members	23	13
Total covered employees	30	25

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County’s contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. The Component Unit - School Board’s (Nonprofessional contractually required employer contribution rate for the year ended June 30, 2022 was 1.10% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$5,632 and \$5,534 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions from the Component Unit - School Board (nonprofessional) to the HIC Plan were \$2,621 and \$2,480 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contributions in FY 2021.

Net HIC OPEB Liability

The County and Component Unit-School Board’s (Nonprofessional) net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (Continued)

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

The long-term expected rate of return on the System’s investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System’s investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return (Continued)

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return*</u>
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	2.50%
		Expected arithmetic nominal return*	<u>7.39%</u>

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Changes in Net HIC OPEB Liability - Primary Government

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 46,238	\$ 7,631	\$ 38,607
Changes for the year:			
Service cost	\$ 838	\$ -	\$ 838
Interest	3,003	-	3,003
Differences between expected and actual experience	(6,375)	-	(6,375)
Changes in assumptions	293	-	293
Contributions - employer	-	5,534	(5,534)
Net investment income	-	2,181	(2,181)
Benefit payments	(3,492)	(3,492)	-
Administrative expenses	-	(33)	33
Net changes	\$ (5,733)	\$ 4,190	\$ (9,923)
Balances at June 30, 2021	\$ 40,505	\$ 11,821	\$ 28,684

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Changes in Net HIC OPEB Liability - Component Unit-School Board (Nonprofessional)

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 51,679	\$ -	\$ 51,679
Changes for the year:			
Service cost	\$ 459	\$ -	\$ 459
Interest	3,488	-	3,488
Changes in assumptions	603	-	603
Contributions - employer	-	2,480	(2,480)
Net investment income	-	293	(293)
Administrative expenses	-	(11)	11
Net changes	<u>\$ 4,550</u>	<u>\$ 2,762</u>	<u>\$ 1,788</u>
Balances at June 30, 2021	<u>\$ 56,229</u>	<u>\$ 2,762</u>	<u>\$ 53,467</u>

Sensitivity of the County's HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the County's HIC Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the County's net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's Net HIC OPEB Liability	\$ 32,936	\$ 28,684	\$ 25,084

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Sensitivity of the Component Unit-School Board's (Nonprofessional) HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the Component Unit-School Board's (Nonprofessional) HIC Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the Component Unit-School Board's (Nonprofessional) HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit - School Board (Nonprofessional) Net HIC OPEB Liability	\$ 58,752	\$ 53,467	\$ 48,912

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2022, the County and Component Unit - School Board (Nonprofessional) recognized HIC Plan OPEB expense of \$1,243 and \$4,012, respectively. At June 30, 2022, the County and Component Unit - School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the County and Component Unit - School Board (Nonprofessional) HIC Plan from the following sources:

	Primary Government		Component Unit - School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,128	\$ 9,008	\$ -	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	1,079	-	168
Change in assumptions	775	221	424	-
Employer contributions subsequent to the measurement date	5,632	-	2,621	-
Total	\$ 8,535	\$ 10,308	\$ 3,045	\$ 168

\$5,632 and \$2,621 reported as deferred outflows of resources related to the HIC OPEB resulting from the County and Component Unit - School Board's (Nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2023.

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit - School Board (Nonprofessional)
2023	\$ (1,794)	\$ 137
2024	(1,328)	137
2025	(1,190)	24
2026	(1,882)	(42)
2027	(1,069)	-
Thereafter	(142)	-

HIC Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Plan is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree’s death.

The specific information for the Teacher HIC OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$48,703 and \$45,657 for the years ended June 30, 2022 and June 30, 2021, respectively.

Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB

At June 30, 2022, the school division reported a liability of \$547,699 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2021 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.04267% as compared to 0.04140% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee Health Insurance Credit Plan OPEB expense of \$33,850. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB (Continued)

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 9,557
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	7,215
Change in assumptions	14,805	2,201
Change in proportionate share	16,286	53,758
Employer contributions subsequent to the measurement date	48,703	-
Total	\$ 79,794	\$ 72,731

\$48,703 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2023	\$ (11,426)
2024	(11,508)
2025	(11,598)
2026	(8,813)
2027	(704)
Thereafter	2,409

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,477,874
Plan Fiduciary Net Position	194,305
Teacher Employee net HIC OPEB Liability (Asset)	<u>\$ 1,283,569</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	13.15%

The total Teacher Employee HIC OPEB liability is calculated by the System’s actuary, and the plan’s fiduciary net position is reported in the System’s financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on the VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return (Continued)

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Sensitivity of the School Division’s Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the school division’s proportionate share of the VRS Teacher Employee HIC Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division’s proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 616,557	\$ 547,699	\$ 489,428

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit Plan’s Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14-Summary of OPEB Plans:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
County Stand-Alone Plan (Note 10)	\$ -	\$ -	\$ 326,049	\$ (928,657)	\$ -	\$ -	\$ -	\$ -
School Stand-Alone Plan (Note 10)	-	-	-	-	48,316	52,170	447,107	46,794
VRS OPEB Plans:								
Group Life Insurance Plan (Note 11)								
County	58,040	61,419	159,505	11,802	-	-	-	-
School Board Nonprofessional	-	-	-	-	3,434	18,021	12,690	(2,954)
School Board Professional	-	-	-	-	67,127	106,142	212,829	2,688
County Health Insurance Credit Plan (Note 12)	8,535	10,308	28,684	1,243	-	-	-	-
School Board Nonprofessional Health Insurance Credit Plan (Note 12)	-	-	-	-	3,045	168	53,467	4,012
Teacher Health Insurance Credit Plan (Note 13)	-	-	-	-	79,794	72,731	547,699	33,850
Totals	\$ 66,575	\$ 71,727	\$ 514,238	\$ (915,612)	\$ 201,716	\$ 249,232	\$ 1,273,792	\$ 84,390

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 15-Unavailable Revenue and Deferred Revenue:

Deferred revenue/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but no available. Under the accrual basis, assessments for future periods are deferred.

	Government-wide Statements	Balance Sheet
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Unavailable/deferred revenue		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 578,617
Tax assessments due after June 30	4,953,379	4,953,379
Prepaid property taxes due after June 30 but paid in advance by taxpayers	91,738	91,738
Unavailable opioid settlement proceeds representing uncollected opioid settlement proceeds not available for the funding of current expenditures	-	166,110
Total unavailable/deferred revenue	<u>\$ 5,045,117</u>	<u>\$ 5,789,844</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 16-Capital Assets:

Capital asset activity for the year ended June 30, 2022 was as follows:

Primary Government:

	Beginning Balance	GASBS No. 87 Implementation	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 306,038	\$ -	\$ -	\$ -	\$ 306,038
Construction in progress	430,314	-	1,066,681	-	1,496,995
Total capital assets not being depreciated	<u>\$ 736,352</u>	<u>\$ -</u>	<u>\$ 1,066,681</u>	<u>\$ -</u>	<u>\$ 1,803,033</u>
Capital assets, being depreciated:					
Buildings and improvements	\$ 6,289,488	\$ -	\$ 87,648	\$ -	\$ 6,377,136
Machinery and equipment	3,808,233	-	150,978	-	3,959,211
Total capital assets being depreciated	<u>\$ 10,097,721</u>	<u>\$ -</u>	<u>\$ 238,626</u>	<u>\$ -</u>	<u>\$ 10,336,347</u>
Accumulated depreciation:					
Buildings and improvements	\$ (3,281,698)	\$ -	\$ (228,523)	\$ -	\$ (3,510,221)
Machinery and equipment	(3,072,454)	-	(190,037)	-	(3,262,491)
Total accumulated depreciation	<u>\$ (6,354,152)</u>	<u>\$ -</u>	<u>\$ (418,560)</u>	<u>\$ -</u>	<u>\$ (6,772,712)</u>
Total capital assets being depreciated, net	<u>\$ 3,743,569</u>	<u>\$ -</u>	<u>\$ (179,934)</u>	<u>\$ -</u>	<u>\$ 3,563,635</u>
Right-to-use capital assets, being amortized:					
Machinery and equipment	\$ -	\$ 36,942	\$ -	\$ -	\$ 36,942
Total right-to-use capital assets being amortized	<u>\$ -</u>	<u>\$ 36,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,942</u>
Accumulated amortization:					
Machinery and equipment	\$ -	\$ -	\$ (9,504)	\$ -	\$ (9,504)
Total accumulated amortization	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,504)</u>	<u>\$ -</u>	<u>\$ (9,504)</u>
Total right-to-use capital assets being amortized, net	<u>\$ -</u>	<u>\$ 36,942</u>	<u>\$ (9,504)</u>	<u>\$ -</u>	<u>\$ 27,438</u>
Governmental activities capital assets, net	<u>\$ 4,479,921</u>	<u>\$ 36,942</u>	<u>\$ 877,243</u>	<u>\$ -</u>	<u>\$ 5,394,106</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 16-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 255,156	\$ -	\$ -	\$ 255,156
Construction in progress	64,150	39,555	-	103,705
Total capital assets not being depreciated	<u>\$ 319,306</u>	<u>\$ 39,555</u>	<u>\$ -</u>	<u>\$ 358,861</u>
Capital assets, being depreciated:				
Utility plant	\$ 27,740,972	\$ -	\$ -	\$ 27,740,972
Machinery and equipment	287,192	13,089	-	300,281
Total capital assets being depreciated	<u>\$ 28,028,164</u>	<u>\$ 13,089</u>	<u>\$ -</u>	<u>\$ 28,041,253</u>
Accumulated depreciation:				
Utility plant	\$ (9,978,157)	\$ (694,148)	\$ -	\$ (10,672,305)
Machinery and equipment	(271,619)	(9,354)	-	(280,973)
Total accumulated depreciation	<u>\$ (10,249,776)</u>	<u>\$ (703,502)</u>	<u>\$ -</u>	<u>\$ (10,953,278)</u>
Total capital assets being depreciated, net	<u>\$ 17,778,388</u>	<u>\$ (690,413)</u>	<u>\$ -</u>	<u>\$ 17,087,975</u>
Business-type activities capital assets, net	<u>\$ 18,097,694</u>	<u>\$ (650,858)</u>	<u>\$ -</u>	<u>\$ 17,446,836</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government administration	\$ 148,248
Judicial administration	6,671
Public safety	139,285
Public works	19,741
Health and welfare	6,110
Parks, recreation, and cultural	79,824
Community development	28,185
	<u>28,185</u>

Total depreciation/amortization
 expense-governmental activities

\$ 428,064

Business-type activities:

Service Authority	<u>\$ 703,502</u>
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 16-Capital Assets: (Continued)

Discretely Presented Component Unit-School Board:

Capital asset activity for the School Board for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 614,083	\$ -	\$ -	\$ 614,083
Construction in progress	653,075	460,556	(1,113,631)	-
Total capital assets not being depreciated	<u>\$ 1,267,158</u>	<u>\$ 460,556</u>	<u>\$ (1,113,631)</u>	<u>\$ 614,083</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 4,566,689	\$ 1,113,631	\$ -	\$ 5,680,320
Machinery and equipment	2,399,930	34,321	-	2,434,251
Total capital assets being depreciated	<u>\$ 6,966,619</u>	<u>\$ 1,147,952</u>	<u>\$ -</u>	<u>\$ 8,114,571</u>
Accumulated depreciation:				
Buildings and improvements	\$ (2,842,470)	\$ (138,007)	\$ -	\$ (2,980,477)
Machinery and equipment	(1,962,221)	(118,935)	-	(2,081,156)
Total accumulated depreciation	<u>\$ (4,804,691)</u>	<u>\$ (256,942)</u>	<u>\$ -</u>	<u>\$ (5,061,633)</u>
Total capital assets being depreciated, net	<u>\$ 2,161,928</u>	<u>\$ 891,010</u>	<u>\$ -</u>	<u>\$ 3,052,938</u>
Governmental activities capital assets, net	<u>\$ 3,429,086</u>	<u>\$ 1,351,566</u>	<u>\$ (1,113,631)</u>	<u>\$ 3,667,021</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 16-Capital Assets: (Continued)

Discretely Presented Component Unit-Economic Development Authority:

Capital asset activity for the Economic Development Authority for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 420,159	\$ -	\$ -	\$ 420,159
Total capital assets not being depreciated	<u>\$ 420,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420,159</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 921,309	\$ -	\$ -	\$ 921,309
Land improvements	1,196,154	-	-	1,196,154
Machinery and equipment	4,546	-	-	4,546
Total capital assets being depreciated	<u>\$ 2,122,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,122,009</u>
Accumulated depreciation:				
Buildings and improvements	\$ (218,066)	\$ (34,028)	\$ -	\$ (252,094)
Land improvements	(349,554)	(39,872)	-	(389,426)
Machinery and equipment	(4,546)	-	-	(4,546)
Total accumulated depreciation	<u>\$ (572,166)</u>	<u>\$ (73,900)</u>	<u>\$ -</u>	<u>\$ (646,066)</u>
Total capital assets being depreciated, net	<u>\$ 1,549,843</u>	<u>\$ (73,900)</u>	<u>\$ -</u>	<u>\$ 1,475,943</u>
Business-type activities capital assets, net	<u>\$ 1,970,002</u>	<u>\$ (73,900)</u>	<u>\$ -</u>	<u>\$ 1,896,102</u>

Discretely Presented Component Unit-Wireless Authority:

Capital asset activity for the Wireless Authority for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, being depreciated:				
Infrastructure	\$ 397,018	\$ -	\$ -	\$ 397,018
Accumulated depreciation:				
Infrastructure	\$ (113,749)	\$ (9,925)	\$ -	\$ (123,674)
Business-type activities capital assets, net	<u>\$ 283,269</u>	<u>\$ (9,925)</u>	<u>\$ -</u>	<u>\$ 273,344</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 17-Leases Receivable:

The following is a summary of leases receivable transactions of the County for the year ended June 30, 2022:

	Beginning Balance	GASB 87 Adjustment	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	\$ -	\$ 23,545	\$ -	\$ (3,274)	\$ 20,271	\$ 506

Details of leases receivable:

Lease Description	Original Issuance Date	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Office Space - New York Life Business	12/13/2017	12/12/2027	Monthly	2.52%	\$ 20,271	\$ 3,402

Note 18-Risk Management:

The County and its Component Unit - School Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County and its Component Unit - School Board participate with other localities in a public entity risk pool for their coverage of general liability, auto, property, workers compensation, and crime insurance with the Virginia Association of Counties Risk Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County and its Component Unit - School Board pay the Virginia Association of Counties contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of the depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its Component Unit - School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 19-Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 20-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:	
Rebecca I. Johnson, Clerk of the Circuit Court	\$ 105,000
John F. Goins, Treasurer	300,000
Cindy Wright, Commissioner of the Revenue	3,000
Jason Ramsey, Sheriff	30,000

Note 21-Litigation:

As of June 30, 2022, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable.

Note 22-Tax Abatements:

Tax Abatement Disclosures require governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement.

The County entered into a performance agreement with Love's Travel Stops & Country Stores, Inc. on December 22, 2015. Under the agreement, the Company was to acquire and improve the site and to construct and equip the Facility costing approximately \$7,500,000, of which approximately \$2,500,000 would be invested in machinery and equipment, and approximately \$5,000,000 would be invested in site improvements and construction of the facility. In addition, 40 new jobs would be created and maintained through the performance date, which is ten years from the opening date. In return, the Locality agreed to disburse an Economic Development Opportunity Grant equal to 90% of the locally collected tax on prepared food and beverages, not to exceed \$100,000, annually on or before March 1st for a term of 10 years. If the Company fails to meet 90% of the targets as of the performance date, the Company shall repay to the Bland County Economic Development Authority that part of the local grant that is proportional to the target or targets for which there is a shortfall. For fiscal year ending June 30, 2022, the County returned taxes in the amount of \$100,000 to Love's Travel Stop.

Note 23-Subsequent Events:

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On June 7, 2021, the County received its share of the first half of the CSLFRF funds. The second half was received June 9, 2022. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$641,162 from the allocation are reported as unearned revenue as of June 30.

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 24-Adoption of Accounting Principles:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the lease(s):

Primary Government:

	Governmental Activities	General Fund
Lessee activity:		
Lease assets	\$ 36,942	\$ -
Lease liabilities	\$ (36,942)	\$ -
Lessor activity:		
Leases receivable	\$ -	\$ 23,545
Deferred inflows of resources - leases	\$ -	\$ (23,545)

Note 25-Upcoming Pronouncements:

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

Note 25-Upcoming Pronouncements: (Continued)

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Required Supplementary Information

County of Bland, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 5,195,326	\$ 5,195,326	\$ 5,229,221	\$ 33,895
Other local taxes	1,246,488	1,246,488	1,259,100	12,612
Permits, privilege fees, and regulatory licenses	20,600	20,600	18,986	(1,614)
Fines and forfeitures	499,734	499,734	240,852	(258,882)
Revenue from the use of money and property	40,400	40,400	19,908	(20,492)
Charges for services	412,056	412,056	433,989	21,933
Miscellaneous	537,198	549,398	367,551	(181,847)
Recovered costs	98,369	98,369	230,235	131,866
Intergovernmental:				
Commonwealth	2,441,250	2,507,331	2,413,917	(93,414)
Federal	2,022,633	2,820,737	2,082,534	(738,203)
Total revenues	<u>\$ 12,514,054</u>	<u>\$ 13,390,439</u>	<u>\$ 12,296,293</u>	<u>\$ (1,094,146)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,841,459	\$ 1,810,094	\$ 1,343,552	\$ 466,542
Judicial administration	590,898	650,961	630,839	20,122
Public safety	2,067,464	2,365,214	1,975,201	390,013
Public works	1,657,935	2,140,712	1,529,150	611,562
Health and welfare	1,655,607	1,660,779	1,452,412	208,367
Education	2,698,243	2,698,243	2,139,580	558,663
Parks, recreation, and cultural	1,107,533	1,223,230	893,783	329,447
Community development	965,723	971,980	760,092	211,888
Capital projects	110,000	132,130	68,800	63,330
Debt service:				
Principal retirement	160,000	160,000	169,516	(9,516)
Interest and other fiscal charges	66,106	66,106	66,394	(288)
Total expenditures	<u>\$ 12,920,968</u>	<u>\$ 13,879,449</u>	<u>\$ 11,029,319</u>	<u>\$ 2,850,130</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (406,914)</u>	<u>\$ (489,010)</u>	<u>\$ 1,266,974</u>	<u>\$ 1,755,984</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 89	\$ 89
Transfers out	(393,086)	(448,756)	(504,097)	(55,341)
Total other financing sources (uses)	<u>\$ (393,086)</u>	<u>\$ (448,756)</u>	<u>\$ (504,008)</u>	<u>\$ (55,252)</u>
Net change in fund balances	<u>\$ (800,000)</u>	<u>\$ (937,766)</u>	<u>\$ 762,966</u>	<u>\$ 1,700,732</u>
Fund balances - beginning	800,000	937,766	4,934,127	3,996,361
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,697,093</u>	<u>\$ 5,697,093</u>

County of Bland, Virginia
 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Primary Government
 Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 282,388	\$ 256,315	\$ 283,366	\$ 263,646	\$ 251,429	\$ 215,957	\$ 223,426	\$ 208,295
Interest	711,905	705,261	659,526	633,997	642,385	613,129	578,125	554,140
Changes in assumptions	342,096	-	319,621	-	10,538	-	-	-
Differences between expected and actual experience	(3,164)	(404,572)	242,748	(32,861)	(517,956)	64,383	137,056	-
Benefit payments	(449,803)	(467,355)	(490,131)	(510,046)	(502,392)	(448,650)	(428,447)	(411,161)
Net change in total pension liability	\$ 883,422	\$ 89,649	\$ 1,015,130	\$ 354,736	\$ (115,996)	\$ 444,819	\$ 510,160	\$ 351,274
Total pension liability - beginning	10,771,645	10,681,996	9,666,866	9,312,130	9,428,126	8,983,307	8,473,147	8,121,873
Total pension liability - ending (a)	\$ 11,655,067	\$ 10,771,645	\$ 10,681,996	\$ 9,666,866	\$ 9,312,130	\$ 9,428,126	\$ 8,983,307	\$ 8,473,147
Plan fiduciary net position								
Contributions - employer	\$ 268,315	\$ 300,800	\$ 293,044	\$ 385,727	\$ 349,001	\$ 306,879	\$ 294,936	\$ 338,669
Contributions - employee	133,223	126,124	122,677	121,173	109,417	107,661	99,321	98,577
Net investment income	2,402,670	167,707	545,722	564,703	832,465	118,357	296,855	884,620
Benefit payments	(449,803)	(467,355)	(490,131)	(510,046)	(502,392)	(448,650)	(428,447)	(411,161)
Administrator charges	(5,857)	(5,527)	(5,327)	(4,775)	(4,746)	(4,159)	(4,036)	(4,716)
Other	229	(198)	(345)	(508)	(745)	(50)	(63)	46
Net change in plan fiduciary net position	\$ 2,348,777	\$ 121,551	\$ 465,640	\$ 556,274	\$ 783,000	\$ 80,038	\$ 258,566	\$ 906,035
Plan fiduciary net position - beginning	8,769,257	8,647,706	8,182,066	7,625,792	6,842,792	6,762,754	6,504,188	5,598,153
Plan fiduciary net position - ending (b)	\$ 11,118,034	\$ 8,769,257	\$ 8,647,706	\$ 8,182,066	\$ 7,625,792	\$ 6,842,792	\$ 6,762,754	\$ 6,504,188
County's net pension liability - ending (a) - (b)	\$ 537,033	\$ 2,002,388	\$ 2,034,290	\$ 1,484,800	\$ 1,686,338	\$ 2,585,334	\$ 2,220,553	\$ 1,968,959
Plan fiduciary net position as a percentage of the total pension liability	95.39%	81.41%	80.96%	84.64%	81.89%	72.58%	75.28%	76.76%
Covered payroll	\$ 2,806,032	\$ 2,632,685	\$ 2,552,486	\$ 2,500,000	\$ 2,250,542	\$ 2,089,541	\$ 1,999,717	\$ 1,972,767
County's net pension liability as a percentage of covered payroll	19.14%	76.06%	79.70%	59.39%	74.93%	123.73%	111.04%	99.81%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Bland, Virginia
 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 Pension Plans
 For the Measurement Dates of June 30, 2014 through June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 21,150	\$ 37,206	\$ 38,396	\$ 40,665	\$ 42,560	\$ 43,116	\$ 42,034	\$ 48,144
Interest	128,234	125,162	124,074	116,846	116,925	105,646	106,276	100,513
Changes in assumptions	73,624	-	45,776	-	(9,584)	-	-	-
Differences between expected and actual experience	11,480	643	(26,014)	43,375	(53,234)	96,371	(88,366)	-
Benefit payments	(132,792)	(102,195)	(98,745)	(96,500)	(99,115)	(68,870)	(69,028)	(63,638)
Net change in total pension liability	\$ 101,696	\$ 60,816	\$ 83,487	\$ 104,386	\$ (2,448)	\$ 176,263	\$ (9,084)	\$ 85,019
Total pension liability - beginning	\$ 1,966,162	\$ 1,905,346	\$ 1,821,859	\$ 1,717,473	\$ 1,719,921	\$ 1,543,658	\$ 1,552,742	\$ 1,467,723
Total pension liability - ending (a)	\$ <u>2,067,858</u>	\$ <u>1,966,162</u>	\$ <u>1,905,346</u>	\$ <u>1,821,859</u>	\$ <u>1,717,473</u>	\$ <u>1,719,921</u>	\$ <u>1,543,658</u>	\$ <u>1,552,742</u>
Plan fiduciary net position								
Contributions - employer	\$ 11,885	\$ 16,705	\$ 16,622	\$ 19,184	\$ 27,729	\$ 29,601	\$ 32,871	\$ 49,500
Contributions - employee	10,616	17,072	16,852	18,543	25,174	19,892	22,001	23,522
Net investment income	499,834	36,163	121,303	130,148	197,037	28,385	71,729	212,964
Benefit payments	(132,792)	(102,195)	(98,745)	(96,500)	(99,115)	(68,870)	(69,028)	(63,638)
Administrator charges	(1,315)	(1,263)	(1,240)	(1,148)	(1,162)	(1,006)	(983)	(1,131)
Other	46	(42)	(76)	(115)	(174)	(12)	(17)	11
Net change in plan fiduciary net position	\$ 388,274	\$ (33,560)	\$ 54,716	\$ 70,112	\$ 149,489	\$ 7,990	\$ 56,573	\$ 221,228
Plan fiduciary net position - beginning	\$ 1,875,263	\$ 1,908,823	\$ 1,854,107	\$ 1,783,995	\$ 1,634,506	\$ 1,626,516	\$ 1,569,943	\$ 1,348,715
Plan fiduciary net position - ending (b)	\$ <u>2,263,537</u>	\$ <u>1,875,263</u>	\$ <u>1,908,823</u>	\$ <u>1,854,107</u>	\$ <u>1,783,995</u>	\$ <u>1,634,506</u>	\$ <u>1,626,516</u>	\$ <u>1,569,943</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (195,679)	\$ 90,899	\$ (3,477)	\$ (32,248)	\$ (66,522)	\$ 85,415	\$ (82,858)	\$ (17,201)
Plan fiduciary net position as a percentage of the total pension liability	109.46%	95.38%	100.18%	101.77%	103.87%	95.03%	105.37%	101.11%
Covered payroll	\$ 225,415	\$ 352,491	\$ 347,325	\$ 388,950	\$ 449,747	\$ 411,381	\$ 446,288	\$ 465,565
School Division's net pension liability (asset) as a percentage of covered payroll	-86.81%	25.79%	-1.00%	-8.29%	-14.79%	20.76%	-18.57%	-3.69%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Bland, Virginia
 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2021

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2021	0.04276%	\$ 3,319,500	\$ 3,773,300	87.97%	85.46%
2020	0.04150%	6,036,429	3,631,615	166.22%	71.47%
2019	0.04180%	5,501,118	3,509,236	156.76%	73.51%
2018	0.04435%	5,215,000	3,617,610	144.16%	74.81%
2017	0.04940%	6,075,000	3,420,417	177.61%	72.92%
2016	0.04855%	6,804,000	3,700,904	183.85%	68.28%
2015	0.05253%	6,611,000	3,901,573	169.44%	70.68%
2014	0.05666%	6,848,000	4,142,763	165.30%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Bland, Virginia
 Schedule of Employer Contributions
 Pension Plans
 For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2022	\$ 278,440	\$ 278,440	\$ -	\$ 2,907,698	9.58%
2021	268,315	268,315	-	2,806,032	9.56%
2020	300,773	300,773	-	2,632,685	11.42%
2019	293,044	293,044	-	2,552,486	11.48%
2018	385,727	385,727	-	2,500,000	15.43%
2017	352,884	352,884	-	2,250,541	15.68%
2016	308,625	308,625	-	2,089,541	14.77%
2015	295,358	295,358	-	1,999,717	14.77%
2014	338,724	338,724	-	1,972,767	17.17%
2013	310,343	310,343	-	1,807,473	17.17%
Component Unit School Board (nonprofessional)					
2022	\$ 12,765	\$ 12,765	\$ -	\$ 238,308	5.36%
2021	11,885	11,885	-	225,415	5.27%
2020	17,448	17,448	-	352,491	4.95%
2019	16,623	16,623	-	347,325	4.79%
2018	19,184	19,184	-	388,950	4.93%
2017	23,522	23,522	-	449,747	5.23%
2016	30,278	30,278	-	411,381	7.36%
2015	32,871	32,871	-	446,288	7.37%
2014	48,884	48,884	-	465,565	10.50%
2013	50,507	50,507	-	481,020	10.50%
Component Unit School Board (professional)					
2022	\$ 644,159	\$ 644,159	\$ -	\$ 4,025,071	16.00%
2021	605,008	605,008	-	3,773,300	16.03%
2020	551,169	551,169	-	3,631,615	15.18%
2019	533,000	533,000	-	3,509,236	15.19%
2018	581,000	581,000	-	3,617,610	16.06%
2017	564,000	564,000	-	3,420,417	16.49%
2016	518,319	518,319	-	3,700,904	14.01%
2015	565,000	565,000	-	3,901,573	14.48%
2014	483,046	483,046	-	4,142,763	11.66%
2013	473,850	473,850	-	4,063,898	11.66%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan .

County of Bland, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2022

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

County of Bland, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Healthcare Plan

Primary Government

For the Measurement Dates of June 30, 2018 through June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 115,030	\$ 125,282	\$ 73,308	\$ 75,738	\$ 54,401
Interest	29,586	29,152	31,240	30,961	13,685
Effect of Economic/Demographic Gains or Losses	(1,013,496)	(101,133)	98,373	(47,602)	
Changes in assumptions	(59,777)	7,574	171,644	35,875	(158,748)
Other adjustments	-	-	-	-	36,812
Net change in total OPEB liability	\$(928,657)	\$60,875	\$374,565	\$94,972	\$(53,850)
Total OPEB liability - beginning	1,254,706	1,193,831	819,266	724,294	778,144
Total OPEB liability - ending	\$326,049	\$1,254,706	\$1,193,831	\$819,266	\$724,294

Covered-employee payroll

N/A

N/A

N/A

N/A

County's total OPEB liability (asset) as a percentage of covered-employee payroll

N/A

N/A

N/A

N/A

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Bland, Virginia
 Notes to Required Supplementary Information
 Healthcare Plan
 Primary Government
 For the Year Ended June 30, 2022

Valuation Date: 6/30/2022
 Measurement Date: 6/30/2022

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level percentage of pay
Salary Increase Rates	5.00%
Discount Rate	3.54%
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvements projected for 10 year.
Health Care Cost Trend	4.70% in 2022 then grading to an ultimate rate of 4.20% over 55 years.

County of Bland, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Healthcare Plan

Component Unit School Board

For the Measurement Dates of June 30, 2018 through June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 35,437	\$ 34,319	\$ 21,639	\$ 18,531	\$ 27,582
Interest	10,655	9,692	14,279	15,103	15,244
Changes in assumptions	(45,342)	47,826	21,288	22,048	(9,837)
Economic/demographic gains or losses	-	(5,020)	-	-	-
Differences between expected and actual experience	-	-	-	(28,420)	-
Benefit payments	(22,850)	(43,430)	(35,120)	(46,906)	(34,855)
Net change in total OPEB liability	<u>\$ (22,100)</u>	<u>\$ 43,387</u>	<u>\$ 22,086</u>	<u>\$ (19,644)</u>	<u>\$ (1,866)</u>
Total OPEB liability - beginning	<u>469,207</u>	<u>425,820</u>	<u>403,734</u>	<u>423,378</u>	<u>425,244</u>
Total OPEB liability - ending	<u><u>\$ 447,107</u></u>	<u><u>\$ 469,207</u></u>	<u><u>\$ 425,820</u></u>	<u><u>\$ 403,734</u></u>	<u><u>\$ 423,378</u></u>
Covered employee payroll	<u>\$ 3,874,906</u>	<u>\$ 3,874,906</u>	<u>\$ 3,486,791</u>	<u>\$ 3,486,791</u>	<u>\$ 4,019,100</u>
Component Unit School Board's total OPEB liability (asset) as a percentage of payroll	11.54%	12.11%	12.21%	11.58%	10.53%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Bland, Virginia
 Notes to Required Supplementary Information
 Healthcare Plan
 Component Unit School Board
 For the Year Ended June 30, 2022

Valuation Date: 7/1/2020
 Measurement Date: 6/30/2022

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Salary Increase Rates	3.50% - 5.35% based on years of service
Inflation	2.50%
Discount Rate	3.54%
Health Care Cost Trend	5.50% in 2022 then grading to an ultimate rate of 4.00% over 55 years.
Mortality Rates	<p>Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related.</p> <p>Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85.</p> <p>Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.</p>

County of Bland, Virginia
 Schedule of Employer's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2021

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2021	0.01370%	\$ 159,505	\$ 2,828,580	5.64%	67.45%
2020	0.01310%	219,452	2,706,407	8.11%	52.64%
2019	0.01318%	214,473	2,583,204	8.30%	52.00%
2018	0.01315%	199,000	2,499,999	7.96%	51.22%
2017	0.01222%	184,000	2,253,598	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2021	0.00110%	\$ 12,690	\$ 225,415	5.63%	67.45%
2020	0.00170%	28,537	352,491	8.10%	52.64%
2019	0.00177%	28,802	347,325	8.29%	52.00%
2018	0.00204%	31,000	388,950	7.97%	51.22%
2017	0.00244%	37,000	449,747	8.23%	48.86%
Component Unit School Board (professional)					
2021	0.01830%	\$ 212,829	\$ 3,773,300	5.64%	67.45%
2020	0.01760%	294,549	3,631,615	8.11%	52.64%
2019	0.01798%	292,583	3,524,850	8.30%	52.00%
2018	0.01909%	290,000	3,628,766	7.99%	51.22%
2017	0.02102%	316,000	3,876,929	8.15%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Bland, Virginia
 Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2022	\$ 15,998	\$ 15,998	\$ -	\$ 2,962,606	0.54%
2021	15,274	15,274	-	2,828,580	0.54%
2020	14,073	14,073	-	2,706,407	0.52%
2019	13,000	13,000	-	2,583,204	0.50%
2018	13,000	13,000	-	2,499,999	0.52%
2017	12,000	12,000	-	2,253,598	0.53%
2016	10,121	10,121	-	2,108,547	0.48%
2015	9,681	9,681	-	2,016,907	0.48%
2014	9,482	9,482	-	1,975,469	0.48%
2013	8,676	8,676	-	1,807,473	0.48%
Component Unit School Board (nonprofessional)					
2022	\$ 1,287	\$ 1,287	\$ -	\$ 238,308	0.54%
2021	1,217	1,217	-	225,415	0.54%
2020	1,833	1,833	-	352,491	0.52%
2019	2,000	2,000	-	347,325	0.58%
2018	2,000	2,000	-	388,950	0.51%
2017	2,000	2,000	-	449,747	0.44%
2016	1,975	1,975	-	411,381	0.48%
2015	2,142	2,142	-	446,288	0.48%
2014	2,235	2,235	-	465,565	0.48%
2013	2,309	2,309	-	481,020	0.48%
Component Unit School Board (professional)					
2022	\$ 21,735	\$ 21,735	\$ -	\$ 4,025,071	0.54%
2021	20,376	20,376	-	3,773,300	0.54%
2020	18,884	18,884	-	3,631,615	0.52%
2019	18,000	18,000	-	3,524,850	0.51%
2018	19,000	19,000	-	3,628,766	0.52%
2017	20,000	20,000	-	3,876,929	0.52%
2016	17,769	17,769	-	3,701,791	0.48%
2015	18,747	18,747	-	3,905,628	0.48%
2014	19,888	19,888	-	4,143,297	0.48%
2013	19,516	19,516	-	4,065,919	0.48%

County of Bland, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2022

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

County of Bland, Virginia
 Schedule of Changes in the Employer's Net OPEB Liability (Asset) and Related Ratios
 Primary Government
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2021

	2021	2020	2019	2018	2017
Total HIC OPEB Liability					
Service cost	\$ 838	\$ 781	\$ 1,591	\$ 2,000	\$ 2,000
Interest	3,003	3,217	2,907	3,000	3,000
Differences between expected and actual experience	(6,375)	(3,523)	4,558	(4,000)	-
Changes of assumptions	293	-	1,133	-	(2,000)
Benefit payments	(3,492)	(3,786)	(4,339)	(4,000)	(3,000)
Other changes	-	-	(301)	-	(1,000)
Net change in total HIC OPEB liability	<u>\$ (5,733)</u>	<u>\$ (3,311)</u>	<u>\$ 5,549</u>	<u>\$ (3,000)</u>	<u>\$ (1,000)</u>
Total HIC OPEB Liability - beginning	<u>46,238</u>	<u>49,549</u>	<u>44,000</u>	<u>47,000</u>	<u>48,000</u>
Total HIC OPEB Liability - ending (a)	<u>\$ 40,505</u>	<u>\$ 46,238</u>	<u>\$ 49,549</u>	<u>\$ 44,000</u>	<u>\$ 47,000</u>
Plan fiduciary net position					
Contributions - employer	\$ 5,534	\$ 5,344	\$ 4,954	\$ 5,000	\$ 4,000
Net investment income	2,181	154	324	-	-
Benefit payments	(3,492)	(3,786)	(4,339)	(4,000)	(3,000)
Administrator charges	(33)	(14)	(6)	-	-
Net change in plan fiduciary net position	<u>\$ 4,190</u>	<u>\$ 1,698</u>	<u>\$ 933</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>
Plan fiduciary net position - beginning	<u>7,631</u>	<u>5,933</u>	<u>5,000</u>	<u>4,000</u>	<u>3,000</u>
Plan fiduciary net position - ending (b)	<u>\$ 11,821</u>	<u>\$ 7,631</u>	<u>\$ 5,933</u>	<u>\$ 5,000</u>	<u>\$ 4,000</u>
Employer's net HIC OPEB liability- ending (a) - (b)	<u>\$ 28,684</u>	<u>\$ 38,607</u>	<u>\$ 43,616</u>	<u>\$ 39,000</u>	<u>\$ 43,000</u>
Plan fiduciary net position as a percentage of the total HIC OPEB liability	41.21%	19.77%	13.60%	12.82%	9.30%
Covered payroll	\$ 1,024,740	\$ 989,630	\$ 917,303	\$ 856,974	\$ 724,044
Employer's net HIC OPEB liability as a percentage of covered payroll	2.80%	3.90%	4.75%	4.55%	5.94%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Bland, Virginia
 Schedule of Changes in the Employer's Net OPEB Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2020 through June 30, 2021

	2021	2020
Total HIC OPEB Liability		
Service cost	\$ 459	\$ -
Interest	3,488	-
Benefit changes	-	51,679
Changes of assumptions	603	-
Net change in total HIC OPEB liability	\$ 4,550	\$ 51,679
Total HIC OPEB Liability - beginning	51,679	-
Total HIC OPEB Liability - ending (a)	\$ 56,229	\$ 51,679
Plan fiduciary net position		
Contributions - employer	\$ 2,480	\$ -
Net investment income	293	-
Administrator charges	(11)	-
Net change in plan fiduciary net position	\$ 2,762	\$ -
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	\$ 2,762	\$ -
Employer's net HIC OPEB liability- ending (a) - (b)	\$ 53,467	\$ 51,679
Plan fiduciary net position as a percentage of the total HIC OPEB liability	5.17%	0.00%
Covered payroll	\$ 225,415	\$ 352,491
Employer's net HIC OPEB liability as a percentage of covered payroll	23.72%	14.66%

Schedule is intended to show information for 10 years. Information prior to the 2020 valuation is not available. However, additional years will be included as they become available.

County of Bland, Virginia
 Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2013 through June 30, 2022

Date*	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2022	\$ 5,632	\$ 5,632	-	\$ 1,043,054	0.54%
2021	5,534	5,534	-	1,024,740	0.54%
2020	5,344	5,344	-	989,630	0.54%
2019	5,000	5,000	-	917,303	0.55%
2018	4,000	4,000	-	856,974	0.47%
2017	4,000	4,000	-	724,044	0.55%
2016	2,941	2,941	-	639,327	0.46%
2015	2,653	2,653	-	576,807	0.46%
2014	761	761	-	585,051	0.13%
2013	2,350	2,350	-	1,807,708	0.13%
Component Unit School Board (nonprofessional)					
2022	\$ 2,621	\$ 2,621	-	\$ 238,308	1.10%
2021	2,480	2,480	-	225,415	1.10%

Schedule is intended to show information for 10 years. Component Unit School Board (nonprofessional) Information prior to the 2021 valuation is not available. However, additional years will be included as they become available.

*The Component Unit School Board (nonprofessional) entered into the HIC plan in fiscal year 2021.

County of Bland, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2022

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

County of Bland, Virginia
 Schedule of School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2021

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2021	0.04267% \$	547,699 \$	3,773,300	14.52%	13.15%
2020	0.04140%	540,331	3,631,615	14.88%	9.95%
2019	0.04202%	550,083	3,524,850	15.61%	8.97%
2018	0.04487%	570,000	3,628,766	15.71%	8.08%
2017	0.04912%	623,000	3,876,929	16.07%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Bland, Virginia
 Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	\$ 48,703	\$ 48,703	\$ -	\$ 4,025,071	1.21%
2021	45,657	45,657	-	3,773,300	1.21%
2020	43,579	43,579	-	3,631,615	1.20%
2019	42,000	42,000	-	3,524,850	1.19%
2018	45,000	45,000	-	3,628,766	1.24%
2017	43,000	43,000	-	3,876,929	1.11%
2016	39,239	39,239	-	3,701,791	1.06%
2015	41,400	41,400	-	3,905,628	1.06%
2014	45,991	45,991	-	4,143,297	1.11%
2013	45,130	45,130	-	4,065,727	1.11%

County of Bland, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2022

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Other Supplementary Information

County of Bland, Virginia
Combining Statement of Net Position
Proprietary Funds
June 30, 2022

	Enterprise Fund		
	Service Authority		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 443,083	\$ (17,219)	\$ 425,864
Accounts receivable, net of allowance for uncollectibles	59,058	46,403	105,461
Total current assets	<u>\$ 502,141</u>	<u>\$ 29,184</u>	<u>\$ 531,325</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ 7,637	\$ 204,024	\$ 211,661
Capital assets, net of accumulated depreciation:			
Land	\$ 6,028	\$ 249,128	\$ 255,156
Buildings and utility plant in service	6,127,619	10,941,048	17,068,667
Machinery and equipment	9,493	9,815	19,308
Construction in progress	103,705	-	103,705
Total capital assets	<u>\$ 6,246,845</u>	<u>\$ 11,199,991</u>	<u>\$ 17,446,836</u>
Total noncurrent assets	<u>\$ 6,254,482</u>	<u>\$ 11,404,015</u>	<u>\$ 17,658,497</u>
Total assets	<u>\$ 6,756,623</u>	<u>\$ 11,433,199</u>	<u>\$ 18,189,822</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 65,187	\$ 41,493	\$ 106,680
Total deferred outflows of resources	<u>\$ 65,187</u>	<u>\$ 41,493</u>	<u>\$ 106,680</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 38,072	\$ 11,748	\$ 49,820
Customers' deposits	9,600	-	9,600
Accrued interest payable	7,238	6,622	13,860
Compensated absences - current portion	8,059	10,220	18,279
Bonds payable - current portion	51,806	150,184	201,990
Total current liabilities	<u>\$ 114,775</u>	<u>\$ 178,774</u>	<u>\$ 293,549</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 1,865,070	\$ 6,284,111	\$ 8,149,181
Compensated absences - net of current portion	2,686	3,406	6,092
Net pension liability	18,150	18,364	36,514
Total noncurrent liabilities	<u>\$ 1,885,906</u>	<u>\$ 6,305,881</u>	<u>\$ 8,191,787</u>
Total liabilities	<u>\$ 2,000,681</u>	<u>\$ 6,484,655</u>	<u>\$ 8,485,336</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 49,083	\$ 48,088	\$ 97,171
Total deferred inflows of resources	<u>\$ 49,083</u>	<u>\$ 48,088</u>	<u>\$ 97,171</u>
NET POSITION			
Net investment in capital assets	\$ 4,329,969	\$ 4,765,696	\$ 9,095,665
Restricted:			
Debt service and bond covenants	7,637	204,024	211,661
Unrestricted	434,440	(27,771)	406,669
Total net position	<u>\$ 4,772,046</u>	<u>\$ 4,941,949</u>	<u>\$ 9,713,995</u>

County of Bland, Virginia
Combining Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Fund		
	Service Authority		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 327,178	\$ -	\$ 327,178
Sewer revenues	-	283,634	283,634
Connection fees	12,095	1,600	13,695
Penalties	22,177	-	22,177
Other revenues	11,616	-	11,616
Miscellaneous	809	-	809
Total operating revenues	<u>\$ 373,875</u>	<u>\$ 285,234</u>	<u>\$ 659,109</u>
OPERATING EXPENSES			
Salaries and fringes	\$ 126,857	\$ 125,758	\$ 252,615
Utilities	15,496	62,920	78,416
Purchase of chemicals	-	25,649	25,649
Purchase of water	204,606	-	204,606
Maintenance and repairs	43,931	64,886	108,817
Office expense	2,370	2,306	4,676
Insurance	3,066	8,255	11,321
Permits	2,127	9,555	11,682
Professional services	3,445	582	4,027
Miscellaneous	506	7,871	8,377
Depreciation	293,877	409,625	703,502
Total operating expenses	<u>\$ 696,281</u>	<u>\$ 717,407</u>	<u>\$ 1,413,688</u>
Operating income (loss)	<u>\$ (322,406)</u>	<u>\$ (432,173)</u>	<u>\$ (754,579)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	\$ 21	\$ -	\$ 21
Interest expense	(41,077)	(152,220)	(193,297)
Total nonoperating revenues (expenses)	<u>\$ (41,056)</u>	<u>\$ (152,220)</u>	<u>\$ (193,276)</u>
Income before contributions and transfers	<u>\$ (363,462)</u>	<u>\$ (584,393)</u>	<u>\$ (947,855)</u>
Capital contributions and construction grants	\$ 30,000	\$ 20,000	\$ 50,000
Transfers in (Contributions from primary government)	135,483	368,614	504,097
Transfers out (project repayments to primary government)	(89)	-	(89)
Transfers in (out)	28,129	(28,129)	-
Change in net position	<u>\$ (169,939)</u>	<u>\$ (223,908)</u>	<u>\$ (393,847)</u>
Net position - beginning	4,941,985	5,165,857	10,107,842
Net position - ending	<u>\$ 4,772,046</u>	<u>\$ 4,941,949</u>	<u>\$ 9,713,995</u>

County of Bland, Virginia
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Fund		
	Service Authority		
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 368,251	\$ 280,658	\$ 648,909
Payments to suppliers	(262,008)	(175,731)	(437,739)
Payments to and for employees	(116,228)	(134,532)	(250,760)
Net cash provided by (used for) operating activities	<u>\$ (9,985)</u>	<u>\$ (29,605)</u>	<u>\$ (39,590)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to primary government	\$ (89)	\$ -	\$ (89)
Interfund transfers	28,129	(28,129)	-
Contributions from primary government or component unit	135,483	368,614	504,097
Net cash provided by (used for) noncapital financing activities	<u>\$ 163,523</u>	<u>\$ 340,485</u>	<u>\$ 504,008</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	\$ (45,684)	\$ (6,960)	\$ (52,644)
Principal payments on bonds	(50,611)	(171,555)	(222,166)
Capital contributions received	30,000	20,000	50,000
Interest expense	(41,184)	(152,365)	(193,549)
Net cash provided by (used for) capital and related financing activities	<u>\$ (107,479)</u>	<u>\$ (310,880)</u>	<u>\$ (418,359)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	\$ 21	\$ -	\$ 21
Net cash provided by (used for) investing activities	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 21</u>
Net increase (decrease) in cash and cash equivalents	\$ 46,080	\$ -	\$ 46,080
Cash and cash equivalents - beginning (including restricted cash and cash equivalents of \$2,546 and \$178,718, respectively)	404,640	186,805	591,445
Cash and cash equivalents - ending (including restricted cash and cash equivalents of \$7,637 and \$204,024, respectively)	<u>\$ 450,720</u>	<u>\$ 186,805</u>	<u>\$ 637,525</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (322,406)	\$ (432,173)	\$ (754,579)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 293,877	\$ 409,625	\$ 703,502
(Increase) decrease in accounts receivable	(5,824)	(4,576)	(10,400)
(Increase) decrease in deferred outflows of resources	(56,119)	(22,001)	(78,120)
Increase (decrease) in customer deposits	200	-	200
Increase (decrease) in accounts payable	13,539	6,293	19,832
Increase (decrease) compensated absences	(485)	-	(485)
Increase (decrease) in net pension liability	18,150	(20,441)	(2,291)
Increase (decrease) in deferred inflows of resources	49,083	33,668	82,751
Total adjustments	<u>\$ 312,421</u>	<u>\$ 402,568</u>	<u>\$ 714,989</u>
Net cash provided by (used for) operating activities	<u>\$ (9,985)</u>	<u>\$ (29,605)</u>	<u>\$ (39,590)</u>

**DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
MAJOR GOVERNMENTAL FUNDS**

School Operating Fund - The School Operating Fund is the primary operating fund of the School Board and accounts for all revenues and expenditures applicable to the general operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

School Activity Fund - The School Activity Fund accounts for and reports all funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, fundraisers, etc., and from any and all activities of the individual schools.

County of Bland, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2022

	School Operating Fund	School Activity Fund	Total School Fund
ASSETS			
Cash and cash equivalents	2,500,106	\$ -	\$ 2,500,106
Cash in custody of others	300,392	262,677	563,069
Due from other governmental units	318,430	-	318,430
Prepaid items	117,511	-	117,511
Total assets	<u>\$ 3,236,439</u>	<u>\$ 262,677</u>	<u>\$ 3,499,116</u>
LIABILITIES			
Accounts payable	70,228	\$ -	\$ 70,228
Accrued payroll	663,329	-	663,329
Due to primary government	407,919	-	407,919
Total liabilities	<u>\$ 1,141,476</u>	<u>\$ -</u>	<u>\$ 1,141,476</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 117,511	\$ -	\$ 117,511
Restricted:			
School cafeteria	300,392	-	300,392
School activity fund	-	262,677	262,677
Assigned:			
Textbook payments	103,086	-	103,086
Future school construction	1,654,471	-	1,654,471
Other school funds	37,014	-	37,014
Unassigned	(117,511)	-	(117,511)
Total fund balances	<u>\$ 2,094,963</u>	<u>\$ 262,677</u>	<u>\$ 2,357,640</u>
Total liabilities and fund balances	<u>\$ 3,236,439</u>	<u>\$ 262,677</u>	<u>\$ 3,499,116</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 2,357,640
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land		\$ 614,083	
Buildings and improvements		2,699,843	
Machinery and equipment		<u>353,095</u>	3,667,021
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Net pension asset			195,679
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds			
Pension related items		\$ 1,400,556	
OPEB related items		<u>201,716</u>	1,602,272
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.			
Net OPEB liabilities		\$ (1,273,792)	
Compensated absences		(96,800)	
Net pension liability		<u>(3,319,500)</u>	(4,690,092)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items		\$ (2,982,516)	
OPEB related items		<u>(249,232)</u>	(3,231,748)
Net position of governmental activities			<u>\$ (99,228)</u>

County of Bland, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2022

	School Operating Fund	School Activity Fund*	Total School Fund
REVENUES			
Revenue from the use of money and property	\$ 4,294	\$ -	\$ 4,294
Charges for services	40,059	229,597	269,656
Miscellaneous	339,514	-	339,514
Recovered costs	76,078	-	76,078
Intergovernmental:			
Local government	2,129,853	-	2,129,853
Commonwealth	5,418,794	-	5,418,794
Federal	1,917,577	-	1,917,577
Total revenues	<u>\$ 9,926,169</u>	<u>\$ 229,597</u>	<u>\$ 10,155,766</u>
EXPENDITURES			
Current:			
Education	<u>\$ 9,764,279</u>	<u>\$ 268,049</u>	<u>\$ 10,032,328</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 161,890</u>	<u>\$ (38,452)</u>	<u>\$ 123,438</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 3,800	\$ 41,262	\$ 45,062
Transfers out	(41,262)	(3,800)	(45,062)
Total other financing sources (uses)	<u>\$ (37,462)</u>	<u>\$ 37,462</u>	<u>\$ -</u>
Net change in fund balances	\$ 124,428	\$ (990)	\$ 123,438
Fund balances - beginning	1,970,535	263,667	2,234,202
Fund balances - ending	<u>\$ 2,094,963</u>	<u>\$ 262,677</u>	<u>\$ 2,357,640</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:			
Net change in fund balances - total governmental funds - per above			\$ 123,438
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
Capital asset additions		\$ 494,877	
Depreciation expense		<u>(256,942)</u>	237,935
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
State non-employer contribution to the pension plan			26,231
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.			
Change in compensated absences		\$ 15,841	
Change in pension related items		765,941	
Change in OPEB related items		<u>12,940</u>	794,722
Change in net position of governmental activities			<u>\$ 1,182,326</u>

*The School Activity Fund does not require a legally adopted budget.

County of Bland, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2022

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 4,294	\$ 4,294
Charges for services	221,735	221,735	40,059	(181,676)
Miscellaneous	363,435	532,527	339,514	(193,013)
Recovered costs	59,650	59,650	76,078	16,428
Intergovernmental:				
Local government	2,688,516	2,688,516	2,129,853	(558,663)
Commonwealth	4,984,955	4,984,955	5,418,794	433,839
Federal	1,398,263	1,612,725	1,917,577	304,852
Total revenues	<u>\$ 9,716,554</u>	<u>\$ 10,100,108</u>	<u>\$ 9,926,169</u>	<u>\$ (173,939)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 9,716,554</u>	<u>\$ 10,100,108</u>	<u>\$ 9,764,279</u>	<u>\$ 335,829</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,890</u>	<u>\$ 161,890</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 3,800	\$ 3,800
Transfers out	-	-	(41,262)	(41,262)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (37,462)</u>	<u>\$ (37,462)</u>
Net change in fund balances	\$ -	\$ -	\$ 124,428	\$ 124,428
Fund balances - beginning	-	-	1,970,535	1,970,535
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,094,963</u>	<u>\$ 2,094,963</u>

Supporting Schedules

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 2,782,993	\$ 2,782,993	\$ 2,845,521	\$ 62,528
Real and personal public service corporation taxes	603,388	603,388	631,832	28,444
Personal property taxes	1,163,627	1,163,627	1,265,793	102,166
Mobile home taxes	17,538	17,538	16,830	(708)
Machinery and tools taxes	436,588	436,588	246,879	(189,709)
Merchant's capital taxes	154,192	154,192	140,075	(14,117)
Penalties	25,000	25,000	39,438	14,438
Interest	12,000	12,000	42,853	30,853
Total general property taxes	<u>\$ 5,195,326</u>	<u>\$ 5,195,326</u>	<u>\$ 5,229,221</u>	<u>\$ 33,895</u>
Other local taxes:				
Local sales and use taxes	\$ 479,504	\$ 479,504	\$ 479,750	\$ 246
Consumers' utility taxes	160,000	160,000	165,351	5,351
Consumption taxes	20,000	20,000	20,769	769
Gross receipts taxes	5,000	5,000	2,835	(2,165)
Franchise license tax	-	-	30,966	30,966
Motor vehicle licenses	100,000	100,000	116,683	16,683
Taxes on recordation and wills	29,984	29,984	47,464	17,480
Hotel and motel room taxes	17,000	17,000	30,701	13,701
Restaurant food taxes	360,000	360,000	328,806	(31,194)
Tobacco tax	75,000	75,000	35,775	(39,225)
Total other local taxes	<u>\$ 1,246,488</u>	<u>\$ 1,246,488</u>	<u>\$ 1,259,100</u>	<u>\$ 12,612</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,200	\$ 2,200	\$ 1,555	\$ (645)
Land use application fees	1,000	1,000	714	(286)
Transfer fees	-	-	312	312
Building permits	17,000	17,000	15,905	(1,095)
Permits and other licenses	400	400	500	100
Total permits, privilege fees, and regulatory licenses	<u>\$ 20,600</u>	<u>\$ 20,600</u>	<u>\$ 18,986</u>	<u>\$ (1,614)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 499,709	\$ 499,709	\$ 240,852	\$ (258,857)
Dog violation fines	25	25	-	(25)
Total fines and forfeitures	<u>\$ 499,734</u>	<u>\$ 499,734</u>	<u>\$ 240,852</u>	<u>\$ (258,882)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 33,800	\$ 33,800	\$ 16,260	\$ (17,540)
Revenue from use of property	6,600	6,600	3,648	(2,952)
Total revenue from use of money and property	<u>\$ 40,400</u>	<u>\$ 40,400</u>	<u>\$ 19,908</u>	<u>\$ (20,492)</u>
Charges for services:				
Charges for sheriff's fees	\$ 325	\$ 325	\$ 1,127	\$ 802
Charges for courthouse maintenance	14,000	14,000	8,118	(5,882)
Charges for law library	700	700	779	79
Charges for Commonwealth's Attorney	250	250	453	203
Charges for sanitation and waste removal	377,500	377,500	403,486	25,986
Charges for cannery	6,000	6,000	6,933	933
Charges for library	3,894	3,894	4,207	313
Charges for forest service coop law enforcement	2,640	2,640	2,800	160
Other charges for services	6,747	6,747	6,086	(661)
Total charges for services	<u>\$ 412,056</u>	<u>\$ 412,056</u>	<u>\$ 433,989</u>	<u>\$ 21,933</u>

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 166,543	\$ 178,743	\$ 107,722	\$ (71,021)
Library donations	-	-	4,604	4,604
Crossroads Industrial Facilities Authority	165,000	165,000	248,393	83,393
Wythe Bland Community Foundation contribution	205,655	205,655	6,832	(198,823)
Total miscellaneous	<u>\$ 537,198</u>	<u>\$ 549,398</u>	<u>\$ 367,551</u>	<u>\$ (181,847)</u>
Recovered costs:				
Social services	\$ 57,919	\$ 57,919	\$ 31,852	\$ (26,067)
Utilities	1,500	1,500	930	(570)
Soil and Water Conservation District payroll	-	-	147,901	147,901
Other recovered costs	38,950	38,950	49,552	10,602
Total recovered costs	<u>\$ 98,369</u>	<u>\$ 98,369</u>	<u>\$ 230,235</u>	<u>\$ 131,866</u>
Total revenue from local sources	<u>\$ 8,050,171</u>	<u>\$ 8,062,371</u>	<u>\$ 7,799,842</u>	<u>\$ (262,529)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 500	\$ 500	\$ 427	\$ (73)
Mobile home titling tax	20,000	20,000	36,978	16,978
Motor vehicle rental tax	-	-	609	609
State recordation tax	6,000	6,000	18,066	12,066
Communications taxes	100,000	100,000	74,676	(25,324)
Games of skill tax	-	-	1,152	1,152
Personal property tax relief funds	354,561	354,561	354,561	-
Total noncategorical aid	<u>\$ 481,061</u>	<u>\$ 481,061</u>	<u>\$ 486,469</u>	<u>\$ 5,408</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 175,269	\$ 175,269	\$ 174,755	\$ (514)
Sheriff	558,788	558,788	549,144	(9,644)
Commissioner of revenue	91,633	91,633	91,604	(29)
Treasurer	80,099	80,099	80,072	(27)
Registrar/electoral board	34,500	59,253	57,192	(2,061)
Clerk of the Circuit Court	154,377	195,705	202,393	6,688
Total shared expenses	<u>\$ 1,094,666</u>	<u>\$ 1,160,747</u>	<u>\$ 1,155,160</u>	<u>\$ (5,587)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 272,481	\$ 272,481	\$ 300,890	\$ 28,409
Comprehensive Services Act program	369,787	369,787	215,488	(154,299)
Litter control grant	6,500	6,500	7,981	1,481
Two-for-life	6,300	6,300	6,330	30
E-911 state revenue	45,844	45,844	54,603	8,759
Victim-witness grant	17,045	17,045	8,942	(8,103)
Fire program	25,000	25,000	30,000	5,000
State library grant	39,066	39,066	39,066	-
Mining royalties	1,000	1,000	740	(260)
Department of justice grants	82,500	82,500	108,248	25,748
Total other categorical aid	<u>\$ 865,523</u>	<u>\$ 865,523</u>	<u>\$ 772,288</u>	<u>\$ (93,235)</u>
Total categorical aid	<u>\$ 1,960,189</u>	<u>\$ 2,026,270</u>	<u>\$ 1,927,448</u>	<u>\$ (98,822)</u>
Total revenue from the Commonwealth	<u>\$ 2,441,250</u>	<u>\$ 2,507,331</u>	<u>\$ 2,413,917</u>	<u>\$ (93,414)</u>

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 200,000	\$ 200,000	\$ 225,129	\$ 25,129
Categorical aid:				
Victim-witness grant	\$ 51,136	\$ 51,136	\$ 20,867	\$ (30,269)
Public assistance and welfare administration	576,733	576,733	636,862	60,129
Coronavirus relief funds	-	100,000	81,881	(18,119)
Appalachian regional commission broadband grant	459,764	459,764	-	(459,764)
Highway planning and construction	700,000	700,000	431,266	(268,734)
Community Development Block Grant	35,000	35,000	-	(35,000)
American Rescue Plan Act (ARPA) COVID 19	-	619,816	578,654	(41,162)
ARPA Compensation Board	-	-	22,607	22,607
ARPA Municipal Utility Grant	-	-	7,135	7,135
Library of VA ARPA Funds	-	4,986	4,857	(129)
SBA Shuttered Venue Operations Grant	-	56,302	56,276	(26)
UVA ARPA funds	-	17,000	17,000	-
Total categorical aid	<u>\$ 1,822,633</u>	<u>\$ 2,620,737</u>	<u>\$ 1,857,405</u>	<u>\$ (763,332)</u>
Total revenue from the federal government	<u>\$ 2,022,633</u>	<u>\$ 2,820,737</u>	<u>\$ 2,082,534</u>	<u>\$ (738,203)</u>
Total General Fund	<u>\$ 12,514,054</u>	<u>\$ 13,390,439</u>	<u>\$ 12,296,293</u>	<u>\$ (1,094,146)</u>
Total Primary Government	<u>\$ 12,514,054</u>	<u>\$ 13,390,439</u>	<u>\$ 12,296,293</u>	<u>\$ (1,094,146)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 4,294	\$ 4,294
Charges for services:				
Cafeteria sales	\$ 221,735	\$ 221,735	\$ 40,059	\$ (181,676)
Miscellaneous:				
Other miscellaneous	\$ 363,435	\$ 532,527	\$ 339,514	\$ (193,013)
Recovered costs:				
Miscellaneous recovered costs	\$ 59,650	\$ 59,650	\$ 76,078	\$ 16,428
Total revenue from local sources	<u>\$ 644,820</u>	<u>\$ 813,912</u>	<u>\$ 459,945</u>	<u>\$ (353,967)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Bland, Virginia	<u>\$ 2,688,516</u>	<u>\$ 2,688,516</u>	<u>\$ 2,129,853</u>	<u>\$ (558,663)</u>

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 844,842	\$ 844,842	\$ 1,057,215	\$ 212,373
Basic school aid	2,263,992	2,263,992	2,499,019	235,027
Regular foster care	14,011	14,011	11,093	(2,918)
Gifted and talented	21,734	21,734	24,332	2,598
Remedial education	63,529	63,529	71,123	7,594
Special education	464,922	464,922	373,864	(91,058)
Textbook payment	44,917	44,917	50,287	5,370
Vocational SOQ payments	43,885	43,885	49,131	5,246
School food	-	-	11,567	11,567
Social security fringe benefits	137,089	137,089	153,476	16,387
Retirement fringe benefits	319,735	319,735	357,955	38,220
Group life insurance benefits	9,613	9,613	10,762	1,149
Early reading intervention	23,534	23,534	32,948	9,414
Dropout prevention	3,312	3,312	3,367	55
Vocation education - equipment	-	-	4,902	4,902
Homebound education	3,719	3,719	-	(3,719)
Salary supplement	200,000	200,000	169,841	(30,159)
At risk payments	121,239	121,239	135,998	14,759
English Language	950	950	515	(435)
Primary class size	83,208	83,208	89,203	5,995
Standards of Learning algebra readiness	9,509	9,509	9,506	(3)
Mentor teacher program	900	900	-	(900)
Virginia tobacco settlement	46,430	46,430	-	(46,430)
At risk four year olds	10,135	10,135	-	(10,135)
Technology initiative	102,000	102,000	102,000	-
Other state funds	151,750	151,750	200,690	48,940
Total categorical aid	<u>\$ 4,984,955</u>	<u>\$ 4,984,955</u>	<u>\$ 5,418,794</u>	<u>\$ 433,839</u>
Total revenue from the Commonwealth	<u>\$ 4,984,955</u>	<u>\$ 4,984,955</u>	<u>\$ 5,418,794</u>	<u>\$ 433,839</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 139,864	\$ 139,864	\$ 136,982	\$ (2,882)
Title I Part A	-	-	17,305	17,305
Title VI-B, flow-through/preschool	210,611	210,611	204,887	(5,724)
Title VI-B, preschool	-	-	8,521	8,521
Title II Part A	32,813	32,813	19,825	(12,988)
School food program	174,265	388,727	545,562	156,835
Schools and roads	-	-	86,540	86,540
Career and technical education	12,691	12,691	5,390	(7,301)
Coronavirus relief funds	828,019	828,019	892,565	64,546
Total categorical aid	<u>\$ 1,398,263</u>	<u>\$ 1,612,725</u>	<u>\$ 1,917,577</u>	<u>\$ 304,852</u>
Total revenue from the federal government	<u>\$ 1,398,263</u>	<u>\$ 1,612,725</u>	<u>\$ 1,917,577</u>	<u>\$ 304,852</u>
Total School Operating Fund	<u>\$ 9,716,554</u>	<u>\$ 10,100,108</u>	<u>\$ 9,926,169</u>	<u>\$ (173,939)</u>

County of Bland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 80,710	\$ 71,340	\$ 72,237	\$ (897)
General and financial administration:				
County administrator	\$ 449,027	\$ 440,666	\$ 434,399	\$ 6,267
Commissioner of revenue	230,333	231,330	229,780	1,550
Treasurer	212,446	212,446	210,710	1,736
Legal services	36,775	36,843	36,842	1
Information technology	548,314	550,469	90,547	459,922
Auditors	95,100	78,140	82,332	(4,192)
Employee added benefit pool	3,000	746	200	546
Local government dues	24,760	10,600	7,911	2,689
Total general and financial administration	<u>\$ 1,599,755</u>	<u>\$ 1,561,240</u>	<u>\$ 1,092,721</u>	<u>\$ 468,519</u>
Board of elections:				
Electoral board and officials	\$ 76,924	\$ 71,609	\$ 75,540	\$ (3,931)
Registrar	84,070	105,905	103,054	2,851
Total board of elections	<u>\$ 160,994</u>	<u>\$ 177,514</u>	<u>\$ 178,594</u>	<u>\$ (1,080)</u>
Total general government administration	<u>\$ 1,841,459</u>	<u>\$ 1,810,094</u>	<u>\$ 1,343,552</u>	<u>\$ 466,542</u>
Judicial administration:				
Courts:				
Circuit court	\$ 7,219	\$ 6,679	\$ 4,863	\$ 1,816
General district court	2,876	2,876	1,592	1,284
Magistrates	375	375	75	300
Juvenile and domestic relations court	4,700	14,763	14,764	(1)
Victim and witness assistance	68,181	68,181	59,451	8,730
Clerk of the circuit court	267,891	317,891	313,251	4,640
Law Library	1,800	2,340	2,338	2
Total courts	<u>\$ 353,042</u>	<u>\$ 413,105</u>	<u>\$ 396,334</u>	<u>\$ 16,771</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 237,856	\$ 237,856	\$ 234,505	\$ 3,351
Total judicial administration	<u>\$ 590,898</u>	<u>\$ 650,961</u>	<u>\$ 630,839</u>	<u>\$ 20,122</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,033,257	\$ 1,154,897	\$ 1,047,875	\$ 107,022
Ticket enforcement	62,884	47,129	47,383	(254)
School resource officer	76,848	73,048	73,417	(369)
Total law enforcement and traffic control	<u>\$ 1,172,989</u>	<u>\$ 1,275,074</u>	<u>\$ 1,168,675</u>	<u>\$ 106,399</u>
Fire and rescue services:				
Fire department	\$ 149,000	\$ 154,555	\$ 145,076	\$ 9,479
Ambulance and rescue services	44,025	45,158	45,157	1
Other fire and rescue services	35,945	15,945	15,275	670
Total fire and rescue services	<u>\$ 228,970</u>	<u>\$ 215,658</u>	<u>\$ 205,508</u>	<u>\$ 10,150</u>
Correction and detention:				
Regional jail	\$ 150,000	\$ 150,000	\$ 88,557	\$ 61,443
Courthouse security	123,899	123,899	77,951	45,948
Total correction and detention	<u>\$ 273,899</u>	<u>\$ 273,899</u>	<u>\$ 166,508</u>	<u>\$ 107,391</u>

County of Bland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (continued)				
Inspections:				
Building	\$ 98,120	\$ 111,461	\$ 110,699	\$ 762
Total inspections	<u>\$ 98,120</u>	<u>\$ 111,461</u>	<u>\$ 110,699</u>	<u>\$ 762</u>
Other protection:				
Animal control	\$ 65,084	\$ 55,684	\$ 55,261	\$ 423
Medical examiner	200	2,454	3,611	(1,157)
Emergency services	-	20,060	20,246	(186)
E-911	228,202	278,202	153,133	125,069
SLFR State & Local Fiscal Recovery	-	132,722	91,560	41,162
Total other protection	<u>\$ 293,486</u>	<u>\$ 489,122</u>	<u>\$ 323,811</u>	<u>\$ 165,311</u>
Total public safety	<u>\$ 2,067,464</u>	<u>\$ 2,365,214</u>	<u>\$ 1,975,201</u>	<u>\$ 390,013</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 8,500	\$ 8,500	\$ 8,428	\$ 72
Sanitation and waste removal:				
Refuse collection and disposal	\$ 397,600	\$ 397,600	\$ 407,839	\$ (10,239)
Landfill closure	24,200	44,883	40,274	4,609
Total sanitation and waste removal	<u>\$ 421,800</u>	<u>\$ 442,483</u>	<u>\$ 448,113</u>	<u>\$ (5,630)</u>
Maintenance of general buildings and grounds:				
General properties	\$ 997,846	\$ 997,846	\$ 394,164	\$ 603,682
Canneries	63,056	53,056	39,938	13,118
Public works administration	166,733	157,733	157,413	320
SLFR State & Local Fiscal Recovery	-	481,094	481,094	-
Total maintenance of general buildings and grounds	<u>\$ 1,227,635</u>	<u>\$ 1,689,729</u>	<u>\$ 1,072,609</u>	<u>\$ 617,120</u>
Total public works	<u>\$ 1,657,935</u>	<u>\$ 2,140,712</u>	<u>\$ 1,529,150</u>	<u>\$ 611,562</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 93,619	\$ 92,791	\$ 92,789	\$ 2
Mental health and mental retardation:				
Community services board	\$ 38,500	\$ 38,500	\$ 38,500	\$ -
Welfare:				
Welfare and public assistance	\$ 1,088,779	\$ 1,088,779	\$ 1,014,142	\$ 74,637
Elderly and handicapped services	9,700	9,700	9,700	-
Comprehensive services	422,956	422,956	289,281	133,675
SLFR State & Local Fiscal Recovery	-	6,000	6,000	-
Other welfare	2,053	2,053	2,000	53
Total welfare	<u>\$ 1,523,488</u>	<u>\$ 1,529,488</u>	<u>\$ 1,321,123</u>	<u>\$ 208,365</u>
Total health and welfare	<u>\$ 1,655,607</u>	<u>\$ 1,660,779</u>	<u>\$ 1,452,412</u>	<u>\$ 208,367</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 9,727	\$ 9,727	\$ 9,727	\$ -
Contribution to County School Board	2,688,516	2,688,516	2,129,853	558,663
Total education	<u>\$ 2,698,243</u>	<u>\$ 2,698,243</u>	<u>\$ 2,139,580</u>	<u>\$ 558,663</u>

County of Bland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural: (Continued)				
Parks and recreation: (Continued)				
Recreation facilities	\$ 11,264	\$ 6,240	\$ 4,319	\$ 1,921
Rocky Gap Greenway project	750,000	750,000	449,099	300,901
Total parks and recreation	<u>\$ 761,264</u>	<u>\$ 756,240</u>	<u>\$ 453,418</u>	<u>\$ 302,822</u>
Cultural enrichment:				
Indian Village	\$ 127,408	\$ 210,710	\$ 178,912	\$ 31,798
Youth enrichment program	-	2,433	2,433	-
Total cultural enrichment	<u>\$ 127,408</u>	<u>\$ 213,143</u>	<u>\$ 181,345</u>	<u>\$ 31,798</u>
Library:				
Library	\$ 218,861	\$ 253,847	\$ 259,020	\$ (5,173)
Total parks, recreation, and cultural	<u>\$ 1,107,533</u>	<u>\$ 1,223,230</u>	<u>\$ 893,783</u>	<u>\$ 329,447</u>
Community development:				
Planning and community development:				
Community development	\$ 83,424	\$ 83,424	\$ 83,410	\$ 14
Planning	308,584	314,738	126,877	187,861
Contribution to EDA	337,500	337,500	155,804	181,696
Contribution to Wireless Authority	6,365	6,365	7,826	(1,461)
Economic development	69,802	69,802	69,200	602
Tourism	64,750	64,853	60,053	4,800
Total planning and community development	<u>\$ 870,425</u>	<u>\$ 876,682</u>	<u>\$ 503,170</u>	<u>\$ 373,512</u>
Environmental management:				
Regional contributions	\$ 13,500	\$ 13,500	\$ 10,500	\$ 3,000
Soil and Water Conservation District payroll	-	-	165,580	(165,580)
Total environmental management	<u>\$ 13,500</u>	<u>\$ 13,500</u>	<u>\$ 176,080</u>	<u>\$ (162,580)</u>
Cooperative extension program:				
Extension office	\$ 81,798	\$ 81,798	\$ 80,842	\$ 956
Total community development	<u>\$ 965,723</u>	<u>\$ 971,980</u>	<u>\$ 760,092</u>	<u>\$ 211,888</u>
Capital projects:				
Medical center project	\$ 35,000	\$ 35,000	\$ -	\$ 35,000
Other capital projects	75,000	97,130	68,800	28,330
Total capital projects	<u>\$ 110,000</u>	<u>\$ 132,130</u>	<u>\$ 68,800</u>	<u>\$ 63,330</u>
Debt service:				
Principal retirement	\$ 160,000	\$ 160,000	\$ 169,516	\$ (9,516)
Interest and other fiscal charges	66,106	66,106	66,394	(288)
Total debt service	<u>\$ 226,106</u>	<u>\$ 226,106</u>	<u>\$ 235,910</u>	<u>\$ (9,804)</u>
Total General Fund	<u>\$ 12,920,968</u>	<u>\$ 13,879,449</u>	<u>\$ 11,029,319</u>	<u>\$ 2,850,130</u>
Total Primary Government	<u>\$ 12,920,968</u>	<u>\$ 13,879,449</u>	<u>\$ 11,029,319</u>	<u>\$ 2,850,130</u>

County of Bland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs:				
Instruction costs	\$ 6,673,159	\$ 6,629,721	\$ 6,544,029	\$ 85,692
Operating costs:				
Administration and health services	\$ 775,107	\$ 787,767	\$ 799,775	\$ (12,008)
Pupil transportation	574,688	640,230	642,835	(2,605)
Operation and maintenance of school plant	1,297,600	1,299,794	1,270,961	28,833
Total operating costs	<u>\$ 2,647,395</u>	<u>\$ 2,727,791</u>	<u>\$ 2,713,571</u>	<u>\$ 14,220</u>
School food services:				
Administration of school food program	\$ 396,000	\$ 742,596	\$ 506,679	\$ 235,917
Total School Operating Fund	<u>\$ 9,716,554</u>	<u>\$ 10,100,108</u>	<u>\$ 9,764,279</u>	<u>\$ 335,829</u>

Other Statistical Information

Table 1

County of Bland, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Service Authority	Total
2021-22	\$ 637,908	\$ 525,532	\$ 1,550,174	\$1,490,057	\$ 1,175,909	\$ 2,139,580	\$ 817,133	\$ 154,242	\$ 47,219	\$ 1,606,985	\$ 10,144,739
2020-21	1,356,149	556,713	2,607,312	995,004	1,534,988	3,123,786	439,107	552,288	53,151	1,572,492	12,790,990
2019-20	1,336,162	566,060	1,941,421	1,080,176	1,593,791	2,362,119	494,376	472,711	58,645	1,498,775	11,404,236
2018-19	1,286,224	495,449	1,774,271	1,021,869	1,537,420	1,996,849	376,996	182,184	64,385	1,425,938	10,161,585
2017-18	1,209,853	491,696	1,807,390	846,654	1,528,012	2,222,735	494,815	177,442	69,244	1,373,857	10,221,698
2016-17	1,039,462	492,290	1,568,382	851,842	1,432,762	2,470,955	622,192	587,746	73,896	1,517,800	10,657,327
2015-16	972,705	456,139	1,662,417	797,128	1,389,567	2,670,132	562,562	55,249	77,817	1,273,892	9,917,608
2014-15	954,717	416,140	1,551,766	860,933	1,483,133	2,331,385	425,297	115,637	81,988	1,057,244	9,278,240
2013-14	938,433	452,885	1,700,060	748,735	1,539,871	1,925,993	354,602	343,923	87,939	997,642	9,090,083
2012-13	766,053	380,935	1,529,359	913,032	1,542,730	2,190,433	330,798	216,174	188,081	933,851	8,991,446

Table 2

County of Bland, Virginia
Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2021-22	\$ 1,344,159	\$ 3,353,587	\$ 481,266	\$ 5,118,431	\$ 1,259,100	\$ 27,897	\$ 534,470	\$ 711,598	\$ 12,830,508	
2020-21	1,174,720	3,495,106	8,166	4,988,721	1,066,246	62,676	464,630	680,536	11,940,801	
2019-20	1,115,100	2,551,990	116,971	4,973,367	1,000,285	101,835	86,246	680,006	10,625,800	
2018-19	1,365,324	2,455,100	472,934	4,902,341	932,301	124,415	268,001	680,996	11,201,412	
2017-18	1,449,449	2,599,129	853,171	4,667,009	839,472	62,532	703,847	678,572	11,853,181	
2016-17	1,196,789	2,319,531	260,463	4,804,541	626,117	49,725	322,821	604,434	10,184,421	
2015-16	1,154,461	2,155,814	1,080,328	4,536,479	563,483	33,807	258,715	603,491	10,386,578	
2014-15	1,044,425	2,287,302	655,801	4,344,114	526,829	23,722	302,269	584,868	9,769,330	
2013-14	943,157	2,535,982	200,740	4,265,515	764,027	19,518	251,329	595,694	9,575,962	
2012-13	976,316	2,183,202	796,843	4,193,169	627,514	18,954	169,917	557,649	9,523,564	

Table 3

County of Bland, Virginia
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service (3)	Total
2021-22	\$ 1,343,552	\$ 630,839	\$ 1,975,201	\$ 1,529,150	\$ 1,452,412	\$ 9,774,006	\$ 893,783	\$ 760,092	\$ 235,910	\$ 18,594,945
2020-21	1,319,036	541,340	2,711,980	968,800	1,537,210	9,227,355	349,580	680,033	222,113	17,557,447
2019-20	1,292,293	533,690	1,834,452	1,051,291	1,481,875	8,147,426	384,828	601,401	222,759	15,550,015
2018-19	1,242,535	516,876	1,811,543	1,182,104	1,519,661	8,310,897	426,440	212,859	223,000	15,445,915
2017-18	1,314,781	526,040	1,923,019	894,002	1,558,255	8,169,988	454,799	192,573	192,809	15,226,266
2016-17	1,076,486	512,145	1,741,206	860,040	1,453,418	8,626,112	645,402	270,995	192,413	15,378,217
2015-16	1,118,225	462,244	1,586,354	822,314	1,380,946	8,695,528	478,735	194,163	191,284	14,929,793
2014-15	1,003,337	466,171	1,630,686	858,453	1,488,803	8,310,730	392,965	270,548	261,016	14,682,709
2013-14	1,037,305	457,972	1,557,278	839,446	1,545,538	9,082,285	319,309	549,524	262,157	15,650,814
2012-13	1,010,885	368,217	1,391,861	899,867	1,548,060	8,717,138	295,215	363,820	258,655	14,853,718

(1) Includes General Fund of the Primary Government and its Discretely Presented Component Units.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit and capital projects.

(3) The County refunded \$2,925,391 in fiscal year 2012-13.

Table 4

County of Bland, Virginia
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2021-22	\$ 5,229,221	\$ 1,259,100	\$ 18,986	\$ 240,852	\$ 24,202	\$ 703,645	\$ 707,065	\$ 306,313	\$ 11,832,822	\$ 20,322,206
2020-21	5,036,261	1,066,246	20,017	194,798	56,866	542,712	691,335	240,061	10,135,991	17,984,287
2019-20	4,955,516	1,000,285	32,048	214,685	104,369	404,876	366,317	289,480	8,593,693	15,961,269
2018-19	5,035,232	932,301	17,862	371,220	98,225	493,631	530,829	83,787	9,059,341	16,622,428
2017-18	4,713,228	839,472	18,464	524,490	59,529	460,138	973,608	94,758	8,897,648	16,581,335
2016-17	4,682,542	693,232	20,705	292,407	47,733	457,024	651,779	140,580	8,659,568	15,645,570
2015-16	4,527,206	633,363	22,908	256,535	28,069	481,320	538,198	260,442	8,479,846	15,227,887
2014-15	4,267,174	602,682	26,878	191,061	14,926	500,409	492,486	407,445	8,609,339	15,112,400
2013-14	4,222,834	764,027	21,115	190,822	11,823	550,363	494,375	604,867	9,163,339	16,023,565
2012-13	4,105,564	627,514	20,412	203,469	13,326	525,289	275,748	513,742	8,764,107	15,049,171

(1) Includes General and Debt Service funds of the Primary Government and its Discretely Presented Component Units.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

Table 5

County of Bland, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2021-22	\$ 5,462,445	\$ 5,245,387	96.03%	\$ 254,460	\$ 5,499,847	100.68%	\$ 709,612	12.99%
2020-21	5,316,014	5,086,052	95.67%	232,494	5,318,546	100.05%	778,377	14.64%
2019-20	5,238,394	5,005,980	95.56%	219,122	5,225,102	99.75%	841,194	16.06%
2018-19	5,162,574	4,784,280	92.67%	343,142	5,127,422	99.32%	815,923	15.80%
2017-18	4,971,556	4,706,906	94.68%	266,254	4,976,160	100.09%	950,340	19.12%
2016-17	4,948,494	4,759,267	96.18%	203,170	4,962,437	100.28%	918,708	18.57%
2015-16	4,867,612	4,554,021	93.56%	239,686	4,793,707	98.48%	906,887	18.63%
2014-15	4,743,083	4,431,069	93.42%	133,978	4,565,047	96.25%	873,033	18.41%
2013-14	4,584,884	4,358,792	95.07%	161,247	4,520,039	98.59%	803,089	17.52%
2012-13	4,500,576	4,306,124	95.68%	104,023	4,410,147	97.99%	745,283	16.56%

(1) Exclusive of penalties and interest. Includes payments from the State under the PPTRA Program.

Table 6

County of Bland, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)	Total
2021-22	\$ 470,573,200	\$ 75,139,178	\$ 27,716,715	\$ 19,231,761	\$ 105,305,361	\$ 697,966,215
2020-21	470,148,200	69,069,704	26,999,772	21,122,131	100,564,605	687,904,412
2019-20	457,625,087	69,605,562	27,177,808	22,348,909	99,214,574	675,971,940
2018-19	450,969,800	66,175,285	28,144,295	23,492,950	102,918,933	671,701,263
2017-18	445,458,400	64,891,400	26,428,235	32,410,760	74,565,512	643,754,307
2016-17	440,938,400	65,406,832	22,601,860	40,886,880	68,192,057	638,026,029
2015-16	438,559,100	63,434,327	21,173,188	17,999,660	68,887,711	610,053,986
2014-15	438,354,300	62,032,071	21,751,011	16,386,062	69,157,475	607,680,919
2013-14	474,248,200	61,457,778	22,065,463	18,517,645	68,896,268	645,185,354
2012-13	470,653,400	60,989,159	18,487,011	14,460,538	66,422,045	631,012,153

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

County of Bland, Virginia
 Property Tax Rates (1)
 Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Merchant's Capital	Machinery and Tools
2021-22	\$ 0.60	2.29	0.60	0.73	0.89
2020-21	0.60	2.29	0.60	0.73	0.89
2019-20	0.60	2.29	0.60	0.73	0.89
2018-19	0.60	2.29	0.60	0.73	0.89
2017-18	0.60	2.29	0.60	0.73	0.89
2016-17	0.60	2.29	0.60	0.73	0.89
2015-16	0.60	2.29	0.60	0.73	0.89
2014-15	0.60	2.29	0.60	0.73	0.89
2013-14	0.55	2.29	0.55	0.73	0.89
2012-13	0.55	2.29	0.55	0.73	0.89

(1) Per \$100 of assessed value.

Table 8

County of Bland, Virginia
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross and Net Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2021-22	6,270	\$ 697,966	\$ -	-	0.00%	-
2020-21	6,270	687,904	-	-	0.00%	-
2019-20	6,824	675,972	-	-	0.00%	-
2018-19	6,824	671,701	-	-	0.00%	-
2017-18	6,824	643,754	-	-	0.00%	-
2016-17	6,824	638,026	-	-	0.00%	-
2015-16	6,824	610,054	-	-	0.00%	-
2014-15	6,824	607,681	-	-	0.00%	-
2013-14	6,824	645,185	65,000	65,000	0.01%	10
2012-13	6,824	631,012	130,000	130,000	0.02%	19

(1) Center for Public Service at the University of Virginia.

(2) Real property assessed at 100% of fair market value.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

Table 9

County of Bland, Virginia
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years

Fiscal Year	Principal (2)	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2021-22	\$ 169,516	\$ 66,394	\$ 235,910	\$ 18,594,945	1.27%
2020-21	150,000	72,113	222,113	17,557,447	1.27%
2019-20	145,000	77,759	222,759	15,550,015	1.43%
2018-19	140,000	83,000	223,000	15,445,915	1.44%
2017-18	105,000	87,809	192,809	15,226,266	1.27%
2016-17	100,000	92,413	192,413	15,378,217	1.25%
2015-16	95,000	96,284	191,284	14,929,793	1.28%
2014-15	160,000	101,016	261,016	14,682,709	1.78%
2013-14	155,000	107,157	262,157	15,650,814	1.68%
2012-13	78,173	180,482	258,655	14,853,718	1.74%

(1) Includes General fund of the Primary Government and the Discretely Presented Component Unit - School Board.

(2) The County refunded \$2,925,391 in fiscal year 2012-13.

COMPLIANCE SECTION



**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

**To the Board of Supervisors
County of Bland, Virginia
Bland, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Bland, Virginia as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County of Bland, Virginia's basic financial statements and have issued our report thereon dated December 11, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Bland, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Bland, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Bland, Virginia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2022-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Bland, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Bland, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on County of Bland, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. County of Bland, Virginia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Polina, Faver, Cox Associates

Blacksburg, Virginia
December 11, 2022



**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Supervisors
County of Bland, Virginia
Bland, Virginia

Report on Compliance for Each Major Federal Program

Opinion of Each Major Federal Program

We have audited the County of Bland, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Bland, Virginia's major federal programs for the year ended June 30, 2022. County of Bland, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, County of Bland, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of County of Bland, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of County of Bland, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to County of Bland, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County of Bland, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County of Bland, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding County of Bland, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of County of Bland, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of County of Bland, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Polina, Fane, Cox Associates

Blacksburg, Virginia
December 11, 2022

County of Bland, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/State Pass - Through Grantor/Cluster/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Virginia Department of Social Services:			
Guardianship Assistance	93.090	1110121, 1110122	\$ 86
Title IV-E Prevention Program	93.472	1140122	1,070
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950120, 0950121	7,943
Temporary Assistance for Needy Families	93.558	0400121, 0400122	76,097
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500122	365
Low-Income Home Energy Assistance	93.568	0600421, 0600422	14,038
Community-Based Child Abuse Prevention Grants	93.590	9560121	693
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760121, 0760122	17,297
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121	188
Foster Care Title IV-E	93.658	1100121, 1100122	60,751
Adoption Assistance	93.659	1120121, 1120122	64,487
Social Services Block Grant	93.667	1000121, 1000122	127,590
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120, 9150121	735
Elder Abuse Prevention Interventions Program	93.747	8000221	742
Children's Health Insurance Program	93.767	0540121, 0540122	803
Medicaid Cluster:			
Medical Assistance Program	93.778	1200121, 1200122	93,475
Total Department of Health and Human Services			<u>\$ 466,360</u>
Department of Agriculture:			
Direct Payments:			
Water and Waste Disposal Systems for Rural Communities	10.760	Not applicable	\$ 30,000
Pass Through Payments:			
Child Nutrition Cluster:			
Virginia Department of Agriculture and Consumer Services:			
National School Lunch Program - Food Distribution (3)	10.555	Not available	\$ 25,609
Virginia Department of Education:			
National School Lunch Program	10.555	40254, 41108, 86557, 41106	368,429 394,038
School Breakfast Program	10.553	40253, 41110	150,910
			\$ 544,948
Virginia Department of Education:			
COVID-19 Pandemic EBT Administrative Costs	10.649	86556	614
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grants to States	10.665	43841	86,540
Virginia Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010121, 0010122, 0040121, 0040122	170,502
Total Department of Agriculture			<u>\$ 832,604</u>
Department of Treasury:			
Direct Payments:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	\$ 578,654
Pass Through Payments:			
Virginia Department of Housing and Community Development:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	7,135
Virginia Compensation Board:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	22,607
			\$ 608,396
Department of Accounts:			
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	31,881
Total Department of Treasury			<u>\$ 640,277</u>
The Institute of Museum and Library Services:			
Pass Through Payments:			
Library of Virginia:			
Grants to States	45.310	Not available	\$ 4,857
University of Virginia:			
Grants to States	45.310	Not available	17,000
Total The Institute of Museum and Library Services			<u>\$ 21,857</u>
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	Not available	\$ 431,266
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Crime Victim Assistance	16.575	CJS86018	\$ 20,867
COVID Emergency Supplemental Funding Program	16.034	118457	50,000
Total Department of Justice			<u>\$ 70,867</u>

County of Bland, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2022

Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I: Grants to Local Educational Agencies	84.010	42901		\$ 136,982
Special Education Cluster:				
Special Education - Grants to States	84.027	43071	\$ 204,887	
Special Education - Preschool Grants	84.173	62521	8,521	213,408
Career and Technical Education - Basic Grants to States	84.048	60031		5,390
Student Support and Academic Enrichment Grants	84.424	60019, 20022		17,305
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	50195, 60041, 60177		372,414
COVID-19 American Rescue Plan-Elementary and Secondary School Emergency Relief Fund	84.425U	50193		520,151
Supporting Effective Instruction State Grants	84.367	61480		19,825
Total Department of Education				<u>\$ 1,285,475</u>
Small Business Administration:				
Direct Payments:				
Shuttered Venue Operators Grants	59.075	Not applicable		\$ 56,276
Total Expenditures of Federal Awards				<u>\$ 3,804,982</u>

Notes to Schedule of Expenditures of Federal Awards:

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Bland County, Virginia under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Bland, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Bland, Virginia.

Note 2 -- Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

(3) The County did not elect the 10% de minimus indirect cost rate because they only request direct costs for reimbursement.

Note 3 -- Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the Bland County School Board had food commodities totaling \$25,609 in inventory.

Note 4 -- Subrecipients

The County did not have any subrecipients for the year ended June 30, 2022.

Note 5 -- Relationship to Financial Statements

Federal expenditures, revenues, and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:		
General Fund		\$ 2,082,534
Less: Payment in Lieu of Taxes		(225,129)
Total General Fund		<u>\$ 1,857,405</u>
Service Authority		<u>\$ 30,000</u>
Total primary government		<u>\$ 1,887,405</u>
Component Unit School Board:		
School Operating Fund		<u>\$ 1,917,577</u>
Total federal expenditures per the basic financial statements		<u>\$ 3,804,982</u>
Federal expenditures per the Schedule of Expenditures of Federal Awards		<u>\$ 3,804,982</u>

County of Bland, Virginia

Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
84.425D	COVID 19 - Elementary and Secondary School Emergency Relief Funds
84.425U	COVID 19 - American Rescue Plan-Elementary and Secondary School Emergency Relief Funds
21.027 10.553/10.555	COVID 19 - Coronavirus State & Local Fiscal Recovery Funds Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

County of Bland, Virginia

Schedule of Findings and Questioned Costs (Continued)
For The Year Ended June 30, 2022

Section II - Financial Statement Findings

2022-001

Criteria: A key concept of internal control is the segregation of duties. No one employee should have access to both accounting records and related assets.

Condition: The County and the School Board lack proper segregation of duties over the following functions: Collections in the Treasurer's office, Accounts Payable and Payroll at the County; and Accounts Payable and Payroll at the School Board.

Cause: The County and School Board lack the funding to fully support a completely segregated finance department.

Effect: There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control over financial reporting.

Recommendation: Management should further try to segregate duties amongst current staff to help mitigate risk created by improper segregation of duties.

Management's Response: Management acknowledges that internal control over the functions listed above lack proper segregation of duties; however, to appropriately mitigate the same would require additional staff. Due to cost constraints, the County and School Board have decided not to address the aforementioned internal control deficiency.

Section III - Federal Award Findings and Questioned Costs

None

County of Bland, Virginia

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

2021-001 **Significant Deficiency**

Condition: The County and the School Board lack proper segregation of duties over the following functions: Collections in the Treasurer's office, Accounts Payable and Payroll at the County; and Accounts Payable and Payroll at the School Board.

Recommendation: Management should further try to segregate duties amongst current staff to help mitigate risk created by improper segregation of duties.

Current Status: Finding 2021-001 was repeated in the current year as 2022-001.